

**Department of Health and Human Services  
Division of Licensing and Regulatory Services  
State House Station #11, Augusta, Maine  
Preliminary Analysis**

**Date:** September 3, 2021

**Project:** Northern Light Health CA Dean Replacement Hospital

**Proposal by:** Northern Light Health

**Prepared by:** Larry Carbonneau, Manager - Health Care Compliance, DLC  
Richard Lawrence, Senior Health Care Financial Analyst, DLC

**Directly Affected Party:** None

**Certificate of Need Unit Recommendation:** Approval

	<b>Proposed Per Applicant</b>	<b>Approved CON</b>
Estimated Capital Expenditure	\$ 12,625,500	\$ 12,625,500
Maximum Contingency	\$ 1,010,040	\$ 1,010,040
Total Capital Expenditure with Contingency	\$ 13,635,540	\$ 13,635,540
Pro-Forma Marginal Operating Costs	\$ (2,150,964)	\$ (2,150,964)

## **I. Abstract**

### **A. From Applicant**

Northern Light CA Dean Hospital (to be referred to as “CA Dean” throughout the application), is a critical access hospital serving the people of central and northern Piscataquis and Somerset counties, as well as tourists and seasonal visitors to the region. At the head of Moosehead, Maine’s largest lake, CA Dean provides inpatient, skilled, and outpatient care, long term nursing care, and emergency services to a region the size of Rhode Island. The preservation of access to these services is critical to residents and visitors alike as CA Dean is the last hospital north and west to the Canadian border. Most of CA Dean’s facilities are decades old. The hospital is aging, outdated, and must be replaced for core healthcare services to be sustained in the community.

The proposed project includes replacement of the existing hospital with a new smaller 11,500 square foot facility located behind the existing campus. The new facility will contain five inpatient acute and swing-skilled care beds in single occupancy rooms, an emergency department, associated ancillary services, and a connector to the existing swing-nursing unit. Several older facilities on campus will be demolished. The newest of the existing hospital buildings, known as the East Wing, will be renovated to provide 10 swing-nursing care beds in single occupancy patient rooms. A new parking lot and entrance to the new hospital will be constructed where the existing hospital currently is. A new garage and support facilities for the medical ground ambulance program will be built. All construction will be on the current hospital campus.

The estimated full cost of the project is \$15.8 million; the certificate of need applicable capital cost is \$13.6 million. CA Dean’s financial position will remain positive after the project is implemented.

The fundamental reasons for the proposed project are:

- Preservation of inpatient acute and swing beds and emergency services in rural Maine
- Modernizing facilities to add efficiencies for patients, families, and staff
- Keeping care local as feasible
- Improving access for ground and air transport services

The application which follows provides details on program and space planning, supports the need for the project, confirms the economic feasibility, and assures that CA Dean will continue to bring needed care to residents and visitors of the Moosehead Lake region.

**CONU Comment #1:**

According to 22 M.R.S.A §329 (3) a Certificate of Need is required for:

**Hospital projects with capital expenditures exceeding \$13,076,656 (2021 threshold).**

## **II. Fit, Willing and Able**

### **A. From Applicant**

#### **DESCRIPTION OF THE PROJECT**

##### **About Northern Light CA Dean Hospital**

Founded in 1911, CA Dean is a not-for-profit critical access hospital located in Greenville, Maine, with a total service area consisting of 18 communities and an estimated residential population served of more than 22,000. The region's population increases during both colder and warmer months as the Moosehead lake area is a popular destination for winter and summer activities. The hospital employs 160 people, and in FY 2020 provided over \$370,000 in community benefit investment. CA Dean's critical access 25 bed status incorporates acute and swing-skilled inpatient beds, but also swing-nursing care beds which were previously considered as a nursing facility. CA Dean's swing-nursing care beds provide the region with the only longer-term care program in central Piscataquis county. CA Dean's current hospital license (**Attachment A**) includes extra capacity for COVID patients if needed and is effective until 60 days after the Governor's State of Civil Emergency period ends.

CA Dean is an essential spoke hospital in Northern Light's mid-Maine service region, collaborating with other Northern Light hospitals in the region: Inland Hospital, Mayo Hospital, and Sebecook Valley Hospital. CA Dean also collaborates closely with Northern Light Eastern Maine Medical Center as the region's only tertiary-level care hospital.

##### **Project Description**

The proposed project includes replacement of the acute care building with a new smaller 11,500 square foot, more efficient facility. The new facility will contain five inpatient beds in single occupancy rooms, an emergency department, and associated ancillary services. The old facility will be demolished, except for the existing East Wing which will be renovated to provide 10 swing-nursing care beds in single occupancy patient rooms.

The project includes a new standalone ambulance garage. The ambulance crew have dormitory space in the nearby administration building. A new dedicated helipad will ensure better proximity to the emergency room and expedited transport to higher-level care facilities as medically necessary. Finally, the existing 1917 original building, 1967 hospital building, and other small support buildings will be demolished.

Other site designs include new expanded parking areas and a circular drive for patient convenience and safety. This design is a modernized approach to rural, regional healthcare, efficiently delivered, with access to care of principal importance.

All construction will take place on the current hospital campus.

### **Commitment to Rural Health Care Access**

The proposed project will replace an existing outdated facility that is nearing a stage where it can no longer be efficiently maintained, with parts of the infrastructure dating back more than a century. The completion of this project represents Northern Light Health's and CA Dean's commitment to the future availability of healthcare services in the region.

The CA Dean Board of Directors has approved, with the full endorsement of the Northern Light Health Board, this project as a commitment to rural health care access. When planning for this project average daily census and service statistics were analyzed to ensure the space was appropriate for the needs of the community.

In the past 15 months, COVID preparedness and management impacted all hospitals in Maine. Scheduled procedures, emergency room visits, in-person provider visits all decreased. Telemedicine visits increased significantly. CA Dean anticipates volumes will return to pre-pandemic levels. Single occupancy room need was reinforced and is integrated into the modernization design.

This project will allow CA Dean to continue providing high quality health care services in an updated, efficient infrastructure that is responsive to the needs of the residents, visitors, communities, and health care providers of the Moosehead Lake region. The preservation of inpatient beds, and emergency services are imperative as CA Dean is the last acute hospital north and west to the Canadian border. Table 1 illustrates reduction in space used with a modernized design.

**Table 1: Pre- and Post-Construction Building Gross Square Feet (BGSF)**

Structure	Current	Future	Net Total After Completion
Existing hospital	27,683	0	-27,683
Misc. support facility	5,319	0	-5,319
Other (to be demolished) Ex. Garage	1,088	0	-1,088
<i>Total Demolished</i>	<i>34,090</i>	<i>0</i>	<i>-34,090</i>
East Wing (existing)	12,540	12,540	0
New hospital	0	11,500	11,500
New ambulance garage	0	2,502	2,502
<b>Total</b>	<b>46,630</b>	<b>26,542</b>	<b>-20,088</b>

*Note: Excludes medical office building (MOB) (7,029 BGSF), which will not be impacted by the scope of the modernization project*

The proposed project will reduce the total facility footprint by over 20,000 BGSF. The reduction of hospital BGSF results from:

- Reducing the number of available patient rooms to align with the region's needs
- Reducing the footprint of the emergency department

- Eliminating a procedure room

Pre- and post-project site plans, building renderings, proposed floor plans, room lists and a sample patient room diagram for the replacement hospital are included as **Attachments B and C**. The floor plans show room sizes and programming. Capital cost estimates are presented in **Section III – Financial Feasibility**.

The primary programs that will be impacted by the proposed project included: inpatient beds (acute, swing-skilled, and swing-nursing care), emergency department, emergency ground transportation, and other support services. CA Dean does not anticipate adding new services as a part of this project.

Northern Light Health and Northern Light CA Dean Hospital engaged the following experts in the planning and development of the proposed project:

- Master Facility Planning and Program Planning: Jensen Partners
- Architectural Services: WBRC Architects and Engineers
- Construction Cost Estimating: Dunbar & Brawn Construction
- Parking and Traffic Study: WBRC Architects and Engineers
- Geotechnical Services: SW Cole Engineering
- Site and Civil Design Services: WBRC Architects and Engineers

## ARCHITECTURAL NARRATIVE AND SUPPORTING DOCUMENTATION

### SUMMARY

The WBRC design team has worked closely with CA Dean over the past months to define the vision, guiding principles, program and plans for the Modernization project. The team developed a comprehensive program, floor plans, site plans, building renderings and narrative defining the site/civil, structural, architectural, mechanical, electrical and fire protection components of the project. The design concepts in the application outline the basis of the program and cost of the CA Dean Campus Modernization project. Dunbar & Brawn developed estimates for the construction costs as included in the financial feasibility section of the application.

### PROGRAM PLANNING

Jensen Partners was engaged to assist leadership with program and master facility planning. The most current edition of the Facility Guideline Institute (FGI) standards were used to develop the clinical space program and ultimately the project design. Providers, board members, community partners, and other key stakeholders participated in developing the overall master facility plan and advised on program and space planning and community need.

## GUIDING PRINCIPLES

CA Dean's Management Committee established the following Guiding Principles that shaped the development of the proposed project:

- Improve Patient and Family Experience
- Improve Staff Experience
- Achieve Operational Efficiencies
- Design to be strategically right sized and nimble to address future care delivery changes
- Improve convenience for patients and families

A number of facility principles guided the decisions regarding program:

- All inpatient beds will be in single occupancy rooms
- Emergency care services will be preserved
- Space will be designed based on program range, scope, and projected volume with the capability for expansion of both inpatient and outpatient services in the future
- Ground and air ambulance services will be accessible
- Telemedicine and remote services will be supported

## PROGRAM SUMMARY

Floor space plans are included as **Attachment C**. A summary of the program components follows.

### Program Descriptions

Information about the space impact is included below. The campus design is comprehensive and geared toward servicing a rural community and a destination center for summer and winter activities.

#### Inpatient Services:

New hospital facility: All inpatient rooms will be adaptable for acute and swing-skilled care. The five inpatient rooms are private, single occupancy rooms with bathrooms and showers. One inpatient room will be provided with a bariatric patient lift and one will be a negative pressure room with associated ante room. There will be a connector from the new facility to the existing East Wing facility.

East Wing facility renovation: The East Wing of the hospital will continue to be used for the swing-nursing care patients. The floor has been redesigned to accommodate 10 patients in single occupancy rooms, a change from the current 15 beds in mainly double occupancy rooms. The space will continue to support the needs of the longer-term patients. A conference room and some offices have been added to the floor to meet the needs of clinical and administrative teams.

**Emergency Services:** The emergency department (ED) will be located in the new hospital facility. The department will include a triage room and three exam rooms which may also be used for observation services, as needed. One exam room will be appropriate for behavioral health patients with safe design incorporated; another will have negative pressure functionality. Acadia Hospitals has a long-standing agreement with CA Dean to provide 24/7 psychiatric consultation services to the emergency department, which will certainly continue. The third exam room is slightly larger to provide services for higher acuity patients. The emergency department will be accessed through a dedicated ambulance entrance or through the entrance for other patients. The waiting room is conveniently located to support patients, families, and staff.

**Imaging Services:** The Imaging Department will be located in the new hospital facility. The space program includes digital x-ray and CT rooms. Ultrasound will be provided with a portable unit. A portable x-ray unit will also be available in the ED.

**Ambulance Garage and Support Services:** The current ambulance garage will be demolished. The new garage will include two bays, office, storage, and a small maintenance shop. Medical responders will have a dorm to be added to the Administration building, which is a modular structure, being relocated as a part of the campus modernization.

**Site Work and Helipad:** A new dedicated helipad will ensure year-round access to air medical transportation to and from the modernized campus as needed. The helipad meets the current *FAA Advisory Circular, No. 150/5390-2C Chapter 4-Hospital Heliports* standards for medical helicopter landing requirements. The design team is working with LifeFlight of Maine and Hoyle and Tanner Assoc., a helipad consultant, on the helipad design.

**Medical Office Building:** There are no changes to the on-campus medical office space anticipated as part of this project.

#### SQUARE FOOTAGE SUMMARY

The total space impact of the project is shown in **Table 2**.

**Table 2: Scope of Construction (BGSF)**

New Construction (Hospital and Connector):	11,500
New Construction (ambulance garage):	2,502
Renovation (East Wing):	12,540
<b>Total Impacted</b>	<b>26,542</b>

#### SPACE & PROGRAMMING ATTACHMENTS



The following attachments provide information from WBRC Architects and Engineers regarding the functional programming and design of construction and renovations.

- **Attachment B** - Site Plans and Building Renderings
- **Attachment C** - Floor Plans (Hospital Addition, East Wing Renovations, Ambulance garage), including programmed space, and a typical patient room layout

#### PROFILE OF THE APPLICANT

The applicant for this CON application is:

Northern Light CA Dean Hospital (CA Dean)  
364 Pritham Avenue  
Greenville, Maine 04441

A list of Northern Light CA Dean Hospital's Board of Directors is provided as **Attachment D**.

#### BACKGROUND

CA Dean's long-standing commitment to the community began over 100 years ago. In 1917, CA Dean first opened its doors at the Pritham Avenue location; at that time the hospital had 22 patient beds. In 1998, CA Dean became a member of Northern Light Health (then Eastern Maine Healthcare Systems) and has continued to fulfill its mission of service to meet the changing health needs of Piscataquis and Somerset counties. Profiles of all Northern Light Health's clinical members are included as **Attachment E**. In 2020 Mayo Regional, based in Dover-Foxcroft, joined Northern Light, creating further synergies for care delivery, workforce, and efficiencies in the region.

CA Dean's primary and specialty care practices as described in **Table 3** provide individuals and families with essential quality healthcare services close to home.

#### MISSION AND VISION

CA Dean provides clinically excellent, compassionate healthcare to all patients served by the hospital. CA Dean's values are guiding principles and clear components of the organization's strategic planning, patient care and human resource initiatives.

CA Dean is committed to giving back to the communities of the Moosehead Lake Region. In FY 2020, CA Dean provided over \$370 thousand in community benefit, including un-reimbursed medical treatments, pro bono medical services, community health improvement resources, and outreach activities. Northern Light Health's community benefit report is included as **Attachment F**.

### LOCATIONS AND SERVICES

CA Dean provides a range of inpatient and outpatient diagnostic and therapeutic services including medical care, physical rehabilitation, imaging, emergency care, and laboratory. CA Dean employs primary care and specialty physician practices. CA Dean's services are offered at locations throughout Piscataquis County, with sites of care described in **Table 3**.

**Table 3: Service Locations and Scope of Services**

<b>Northern Light CA Dean Hospital</b> 364 Pritham Avenue Greenville, ME 04441	Offers cardiovascular care, diabetes and nutrition, emergency care, endoscopy, imaging, infusion care, laboratory services, podiatry, geriatrics, primary care, rehabilitation, urology, women's health, and acute, skilled, and nursing levels of inpatient care
<b>Northern Light Primary Care</b> 35 Monson Road Monson, ME 04464	Offers primary care services
<b>Northern Light Primary Care &amp; Specialty Clinics</b> 22 Haley Court Road Sangerville, ME 04479	Offers primary care, imaging, laboratory services, and podiatry services

### MEDICAL AND ALLIED PROFESSIONAL STAFF

CA Dean's medical staff consists of 20 employed physicians and advanced practice clinicians representing a range of medical specialties listed in **Table 4**. Additional contracted physicians are also credentialed to provide care at CA Dean for behavioral health, cardiology, OB/GYN and other specialties. The availability of telemedicine providers has proven essential in rural healthcare, even more so during the COVID pandemic. As shown in **Table 4**, CA Dean has developed a strong and reliable provider network in alignment with the needs of the community.

**Table 4: Medical and Advanced Practice Clinicians Credentialed Staff Composition**

Medical Division	Employed	Non-Employed	Total	Notes
Family Medicine/Internal Medicine	9	0	9	
Anesthesiology	0	7	7	
Behavioral Medicine	0	53	53	Onsite/Telemedicine
Emergency Medicine	6	2	8	2 non-employed ED Pediatrics Telemedicine
Obstetrics-Gynecology	0	1	1	
Pathology	0	1	1	
Podiatry	1	0	1	
Radiology	0	45	45	Onsite/Telemedicine
Cardiologists	0	25	25	
Urology	1	0	1	
Geriatrics	1	0	1	
Palliative Care	0	4	4	Telemedicine
Dentist	0	1	1	
Sleep Medicine	0	1	1	
Dietitian	1	0	1	
Licensed Clinical Social Worker	1	0	1	
Neurology	0	19	19	Telemedicine
Physiatry	0	2	2	
<b>Total</b>	<b>20</b>	<b>161</b>	<b>181</b>	

#### LICENSES, ACCREDITATIONS, AND CERTIFICATIONS

CA Dean Hospital is licensed by the State of Maine. The hospital participates fully in Medicare, Medicaid, and all local managed care plans. Documentation of licensure is included as **Attachment A**.

CA Dean service recognition highlights:

- State of Maine License: January 31, 2021 to January 30, 2023
- American College of Radiology Mammography Certification 2019-2022

#### KEY PERSONNEL

CA Dean has strong governance and management teams that have been actively engaged in this project since its inception. A brief description of the Board Chair and the Executive Management Team and their areas of expertise follows:

##### **Northern Light CA Dean Hospital Board Chair: Linda Gilbert**

Linda Gilbert retired in 2018 from Camden National Bank after serving as their Regional Lending Manager and Senior Vice President since 2000. Gilbert demonstrates excellent leadership qualities, financial expertise and dedication to CA Dean and the Greenville community. She previously served on CA Dean's Board of Directors from 2000 – 2012 as a Director and the Board Treasurer. She was re-elected to the Board of Directors in 2013 and held several positions, chairing the Board and the Quality & Professional Affairs Committee. Gilbert previously served as the Treasurer for the Guilford Development Corporation (Senior Housing in

Greenville, ME). She and her husband reside in Abbot, ME and are proud parents of four children and grandparents of eight grandchildren.

**Northern Light CA Dean and Mayo Hospital President: Marie Vienneau, FACHE**

Marie Vienneau is a Maine native who began her career in healthcare as an operating room nurse at Brigham & Women's Hospital in Boston. Vienneau earned her Bachelor of Science at the University of Maine in Orono and is a Fellow with the American College of Healthcare Executives. She served for 23 years in executive roles at Millinocket Regional Hospital, including 11 years as CEO and Chief Nursing Officer. She became president of Northern Light Mayo Hospital in 2014 and president of Northern Light CA Dean Hospital in 2020.

**Northern Light CA Dean and Mayo Hospital Vice President of Finance and Practice Operations: Jennifer M. Goodrich, CMPE**

Jennifer Goodrich is a Maine native who earned her bachelor's degree in Accounting and master's degree in Business Administration at Thomas College. She has been an employee of Northern Light Health for 17 years and relocated to Piscataquis County in 2011. She earned her Medical Practice Executive Certification in 2016. Goodrich enjoys her dual role that marries financial sustainability with bringing much needed patient services to rural Maine. She has volunteered on many nonprofit boards as a way to support local communities and currently serves as the Treasurer of the Moosehead Marine Museum in Greenville Maine. She lives in Monson with her daughter.

**Northern Light CA Dean and Mayo Hospital Senior Physician Executive: David B. McDermott, MD, MPH, CPE, FAAFP, FAAPL**

Dr. McDermott is a native of upstate New York. He attended college at the University of Rochester, medical school at the University of Vermont, completed a residency in Family Practice at Maine Medical Center and Mercy Hospital in Portland, ME and is Board Certified in Family Practice. He received his MPH from the University of Massachusetts. McDermott spent four years on active duty with the US Air Force and saw combat duty in Operations Desert Shield and Desert Storm, where he served as the Medical Director of Emergency Services for an air transportable hospital in support of fighter wing operations. He moved to Dover-Foxcroft in 1993 and has raised his family in the community. McDermott has served many roles at Mayo from family doctor with an obstetrical practice to Emergency Physician, Director of Emergency Services, Inpatient Medical Director, RHC Medical Director, interim President and CEO, and VP of Medical Affairs. He is one of only 14 physicians in the State of Maine with the Certified Physician Executive credential, granted by the American Association for Physician Leadership, and was the fourth person nationally to be certified as an Emergency Department Medical Director by the American College of Emergency Physicians.

**Northern Light CA Dean V.P. of Nursing and Operations: Lorraine Rodgerson, RN**

Lorraine Rodgerson has been CA Dean's Vice President of Nursing and Operations since 2015. A native of Millinocket, Rodgerson graduated from St. Anselm College with a BSN in 1982. Prior to coming to CA Dean, she held various leadership roles, including Chief Nursing Officer at Northern Light Eastern Maine Medical Center. Rodgerson is responsible for day-to-day operations, including nursing and all support services, Compliance, and Risk Management.

## DESCRIPTION OF NORTHERN LIGHT HEALTH

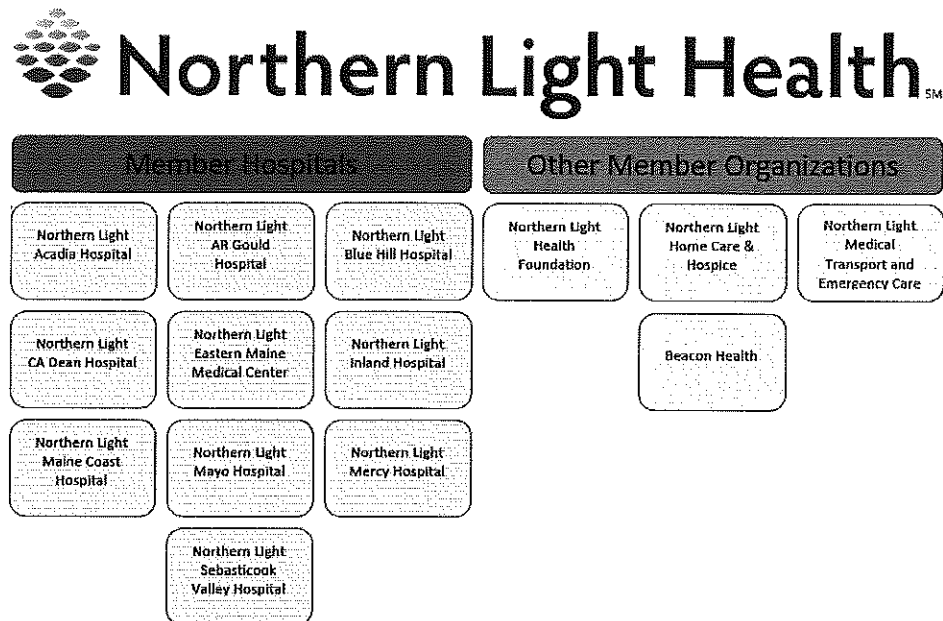
Northern Light Health senior staff have been actively involved in the planning and development of CA Dean's hospital replacement since inception of the project. Northern Light Health, a not for profit integrated health care delivery system, strives to make healthcare work for the people of Maine. In FY 2020, Northern Light Health provided over \$260 million in total community benefit to Maine cities and towns, including almost \$15 million in traditional charity care to Mainers in need. Northern Light Health's annual community benefit report is **Attachment F**.

Northern Light Health ("The System"), is comprised of many organizations, including ten hospitals: Northern Light Acadia Hospital, Northern Light AR Gould Hospital, Northern Light Blue Hill Hospital, Northern Light CA Dean Hospital, Northern Light Eastern Maine Medical Center, Northern Light Inland Hospital, Northern Light Maine Coast Hospital, Northern Light Mayo Hospital, Northern Light Mercy Hospital, and Northern Light Sebecook Valley Hospital. Brief descriptions of Northern Light clinical members are included in **Attachment E**.

The System's services network includes acute care medical-surgical hospitals, an acute psychiatric hospital, primary and specialty care physician practices, ambulatory care centers, nursing homes, home care and hospice agency, population health management services, referral laboratory, retail pharmacies, and ground and air emergency transport services. The System's population health member, Beacon Health, has developed care management, third party administrative, direct to employer, and other services for patients in governmental- and employer-based health plans.

Geographically, Northern Light Health is the largest health care system in Maine with a statewide footprint and over 130 service locations. The System employs over 12,500 people throughout the State, dedicated to delivering quality health care to the people of Maine. Northern Light Health's service area for its acute care hospitals encompasses 11 counties with an estimated population of 1.1 million—about 82% of Maine's total population. The System is licensed for 1,012 acute care beds, not including additional temporary licensed beds as part of COVID care preparation. Northern Light Health has 1,725 active providers on hospitals' medical staff, including clinicians providing telehealth services.

Figure 1: Northern Light Health Organizational Chart



Brief descriptions of Northern Health Light clinical member organizations are included in **Attachment E**.

Northern Light Health is a strong, capable, and well recognized health system. Northern Light Health emerged as a leader among hospital systems in the State in response to the COVID-19 pandemic, delivering inpatient care, laboratory tests, and mass vaccinations, and smaller scale vaccination sites.

#### COMMITMENT TO RURAL HEALTH CARE ACCESS

Northern Light Health has incorporated several common elements as critical to the transformation and sustainability of rural health care services.

- Enhanced telehealth
- More robust air and ground medical transportation
- Integrated care management across sites of care
- Comprehensive post-acute care strategy

The CADean modernization project advances these goals in design and orientation.

#### SUMMARY OF FIT, WILLING AND ABLE

CA Dean and Northern Light Health have a strong and experienced leadership team to plan finance and implement the proposed project. The team incorporates experts from well-known and accomplished architects, contractors, and master facility planning experts, and works with the resource centers at Northern Light Health. The System's leadership, led by Chairman/CEO

Tim Dentry, fully supports the modernization project proposed in this CON application. The Northern Light Health Board has approved submitting the CON application as integral to advancing the project.

## **B. Certificate of Need Unit Discussion**

### **i. CON Standards**

Relevant standards for inclusion in this section are specific to the determination that the applicant is fit, willing and able to provide the proposed services at the proper standard of care as demonstrated by, among other factors, whether the quality of any health care provided in the past by the applicant or a related party under the applicant's control meets industry standards.

### **ii. CON Unit Analysis**

Northern Light Health (NLH) is the most expansive integrated health care system in Maine. NLH provides care to people throughout the State of Maine. NLH is made up of ten member hospitals with 987 licensed beds, a single physician-led medical group, eight nursing homes with 585 long-term beds, five emergency transport members and 584 long-term beds, a single physician led medical group, eight nursing homes, five emergency transport members and 37 primary care locations. NLH has over 12,000 employees.

Northern Light CA Dean Hospital (CA Dean) is a 25-bed critical access hospital located in Greenville, ME. CA Dean provides a range of inpatient and outpatient diagnostic and therapeutic services including cardiovascular care, continuing care, diabetes and nutrition, Emergency Care, endocrinology and Diabetes Care, Endoscopy, Imaging, Infusion Care, Laboratory, Nuclear Medicine, Orthopedics, Podiatry, Primary Care, Rehabilitation, Surgery, Transitional Care, Urology and Women's Health. CA Dean has been a member hospital of NLH and its predecessor, Eastern Maine Health System, since 1998.

In order to document that CA Dean is fit, willing and able CONU reviewed quality measures available at the Medicare hospital compare website (<https://www.medicare.gov/care-compare>). Quality measures available at this site include:

- 1): Overall star rating
- 2): Patient survey rating
- 3): Timely and effective care
- 4): Complications & deaths
- 5): Unplanned Hospital visit

Unfortunately, data for these measures at CA Dean is unavailable or very limited. Since CA Dean is a member of NLH, CONU will review quality measures from Northern Light Eastern

Maine Medical Center (NLH's flagship tertiary care hospital) and Northern Light Mayo Hospital a critical access hospital located in close proximity to CA Dean. The data is presented below:

Overall Star Rating:

The overall star rating for hospitals summarizes quality information on important topics, like readmissions and deaths after heart attacks or pneumonia. The overall rating, between 1 and 5 stars, summarizes a variety of measures across 7 areas of quality into a single star rating for each hospital. The 7 measure groups include:

- Mortality
- Safety of care
- Readmission
- Patient experience
- Effectiveness of care
- Timeliness of care
- Efficient use of medical imaging

The overall rating shows how well each hospital performed on an identified set of quality measures compared to other hospitals in the U.S. The more stars, the better a hospital performed on the available quality measures. Some new or small hospitals (such as CA Dean) may not report data on all measures, and therefore, aren't eligible for an overall hospital rating. EMMC received an overall 2-star rating while Mayo received an overall 3-star rating.

For comparison purposes the following table is included which shows the national distribution of the overall star rating (April 2021 results):

Overall Rating	No. of Hospitals (N = 4,586),%
1 stars	204(6.06%)
2 stars	690 (20.57%)
3 stars	1,018 (30.34%)
4 stars	988 (29.45%)
5 stars	455 (13.56%)
N/A	1,181 (26.03%)



EMMC's rating is lower than the average national overall star rating while Mayo is at the average.

#### Patient Survey Rating:

The patient survey rating measures patients' experiences of their hospital care. Recently discharged patients were asked about important topics like how well nurses and doctors communicated, how responsive hospital staff were to their needs, and the cleanliness and quietness of the hospital environment. The Mayo and EMMC measurements along with national and Maine measurements are outlined below:

Patient Survey Rating	Mayo	EMMC	National	Maine
Patients who reported that their nurses "Always" communicated well.	86%	75%	81%	85%
Patients who reported that their doctors "Always" communicated well.	87%	76%	82%	84%
Patients who reported that they "Always" received help as soon as they wanted.	75%	55%	70%	73%
Patients who reported that the staff "Always" explained about medicines before giving it to them.	74%	58%	66%	70%
Patients who reported that their room and bathroom were "Always" clean.	80%	69%	76%	79%
Patients who reported that the area around their room was "Always" quiet at night.	56%	42%	62%	59%
Patients who reported that YES, they were given information about what to do during their recovery at home.	91%	85%	87%	89%
Patients who "Strongly Agree" they understood their care when they left the hospital.	53%	47%	54%	57%

Patients who gave their hospital a rating of 9 or 10 on a scale from 0 (lowest) to 10 (highest).	72%	60%	73%	75%
Patients who reported YES, they would definitely recommend the hospital.	68%	64%	72%	75%

EMMC received a 2-star patient survey rating while Mayo received a 4-star rating. EMMC patient survey ratings show that EMMC is consistently lower than Maine and National measures while Mayo exceeds the measurements.

Timely and Effective Care:

Timely and Effective Care	Mayo	EMMC	National	State
Percentage of patients who received appropriate care for severe sepsis and septic shock	NA	70%	60%	70%
Percentage of patients receiving appropriate recommendation for follow-up screening colonoscopy	NA	98%	91%	98%
Average (median) number of minutes before outpatients with chest pain or possible heart attack who needed specialized care were transferred to another hospital	NA	NA	58%	72%
Percentage of outpatients with chest pain or possible heart attack who got drugs to break up blood clots within 30 minutes of arrival	NA	NA	54%	69%
Percentage of patients who left the emergency department before being seen	3%	2%	2%	2%
Percentage of patients who came to the emergency department with stroke symptoms who received brain scan results within 45 minutes of arrival	NA	NA	72%	58%
Emergency department volume	Low	Medium	NA	NA
Average (median) time patients spent in the emergency department before leaving from the visit	139 min.	204 min.	146 min.	160 min.
Percentage of healthcare workers given influenza vaccination	95%	92%	91%	92%
Percentage of patients receiving appropriate radiation therapy for cancer that has spread to the bone	NA	83%	91%	90%

Percentage of mothers whose deliveries were scheduled too early (1-2 weeks early), when a scheduled delivery wasn't medically necessary	NA	0%	3%	0%
Percentage of outpatients with low-back pain who had an MRI without trying recommended treatments (like physical therapy) fir	NA	35.60%	38.50%	39.40%
Percentage of outpatient CT scans of the abdomen that were "combination" (double) scans	0.60%	1.90%	1.90%	1.30%
Percentage of outpatients who got cardiac imaging stress tests before low-risk outpatient surgery	NA	3.20%	4.10%	3.30%

Measures relating to timely and effective care are not readily available for Mayo but where available indicate that Mayo is better in State and National averages in two instances and worse in two other measures. EMMC appears to be equal to or better than State and National averages in six instances and worse in three.

#### Complications and Deaths:

Patients who are admitted to the hospital for treatment of medical problems sometimes get other serious injuries, complications, or conditions, and may even die. Some patients may experience problems soon after they are discharged and need to be admitted to the hospital again. These events can often be prevented if hospitals follow best practices for treating patients.

Complications	Mayo	National	EMMC	National
Rate of complications for hip/knee replacement patients	NA	NA	2.90%	ND
Serious complications	NA	NA	1.35	W
Deaths among patients with serious treatable complications after surgery	NA	NA	190.45	ND

NA = Not available/Not applicable, W = Worse, ND = No difference

Measures relating to complications were not available for Mayo. EMMC is worse in one measure and no different in two measures.

Infections	Mayo	National	EMMC	National
Central line-associated bloodstream infections (CLABSI) in ICUs and select wards	NA	NA	0.66	ND
Catheter-associated urinary tract infections (CAUTI) in ICUs and select wards	NA	NA	1.082	ND
Surgical site infections (SSI) from colon surgery	NA	NA	1.038	ND
Surgical site infections (SSI) from abdominal hysterectomy	NA	NA	NA	NA
Methicillin-resistant Staphylococcus Aureus (MRSA) blood infections	NA	NA	0.676	ND
Clostridium difficile (C.diff.) intestinal infections	0.819	ND	0.437	B

NA = Not Available/Not applicable, ND = No difference, B = Better

Only one infection measure was available for Mayo and it showed no difference between Mayo and National averages. EMMC was no different than national averages in most instances and better in one infection measure.

Death Rates	Mayo	National	EMMC	National
Death rate for COPD patients	8%	ND	9.50%	ND
Death rate for heart attack patients	NA	NA	10.70%	ND
Death rate for heart failure patients	11.50%	ND	12%	ND
Death rate for pneumonia patients	14.60%	ND	15.30%	ND
Death rate for stroke patients	13.60%	ND	16%	ND
Death rate for CABG surgery patients	NA	NA	3.20%	ND

NA = Not Available/Not applicable, ND = No difference

Mayo and EMMC are no different than national averages in death rates.

Unplanned Hospital Visits:

Returning to the hospital for unplanned care disrupts patients' lives, increases their risk of harmful events like healthcare-associated infections, and costs more money. Hospitals that give high quality care can keep patients from returning to the hospital and reduce their stay if they have to come back.

Unplanned Hospital Visits	Mayo	National	EMMC	National
Rate of readmission after discharge from hospital (hospital-wide)	15.60%	ND	14.10%	B
Rate of readmission for chronic obstructive pulmonary disease (COPD) patients	19.40%	ND	20%	ND
Rate of readmission for heart attack patients	NA	NA	15%	ND
Hospital return days for heart attack patients	NA	NA	2.8	NA
Rate of readmission for heart failure patients	22.10%	ND	20.30%	ND
Hospital return days for heart failure patients	6.00	NA	2.80	NA
Rate of readmission for pneumonia patients	15.90%	ND	16.70%	ND
Hospital return days for pneumonia patients	31.4	NA	12.5	NA
Rate of readmission for coronary artery bypass graft (CABG) surgery patients	NA	NA	12.20%	ND
Rate of readmission after hip/knee replacement	NA	NA	3.90%	ND
Rate of unplanned hospital visits after an outpatient colonoscopy	16.6 per 1000	NA	14.10 per 1000	ND
Rate of inpatient admissions for patients receiving outpatient chemotherapy (per 100 chemotherapy patients)	NA	NA	9.90%	B

Rate of emergency department (ED) visits for patients receiving outpatient chemotherapy (per 100 chemotherapy patients)	NA	NA	7.30%	ND
Ratio of unplanned hospital visits after hospital outpatient surgery	NA	NA	1.1	NA

NA = Not Available/Not applicable, ND = No Different, B = Better

Mayo is no different in national averages while EMMC is no different in national averages in most instances and better than national averages in two measures of unplanned hospital visits.

#### Survey Results

CONU examined the most recent survey results for CA Dean, EMMC, and Mayo. The results of the most recent surveys are as follows:

#### Federal Survey

CA Dean: A Federal recertification survey occurred at CA Dean on 11/13/2019. CA Dean is in substantial compliance with 42 Code of Federal Regulations Part 482.15 Condition of Participation Emergency Preparedness.

EMMC: EMMC is a deemed facility. On May 2, 2018 through May 3, 2018, a revisit survey to the recertification survey was conducted at EMMC, an Acute Care Hospital. The purpose of this revisit survey was to evaluate compliance with 42 CFR Part 482, Conditions of Participation: Physical Environment (§482.41) and other standard level deficiencies cited during the recertification survey. This survey determined the hospital was in substantial compliance with 42 CFR, Part 482, Conditions of Participation.

Mayo: A recertification survey was completed on August 15, 2018. A revised plan of correction was received on September 19, 2018 and found to be acceptable. Mayo Regional Hospital, a Critical Access Hospital, is in substantial compliance with 42 CFR, Part 485, Conditions of Participation for Critical Access Hospitals.

#### Complaint Survey

EMMC: A complaint survey was conducted at EMMC, an Acute Care Hospital, to evaluate compliance with 42 Code of Federal Regulations (CFR) Part 482, Condition of Participation: Patient Rights (§482.13) and Condition of Participation: Nursing Services (§482.23). This survey determined the hospital was in substantial compliance with 42 CFR Part 482 Condition of Participation Patients' Rights and Nursing Services. No standard level deficiencies, in these areas, were identified.

Mayo: A Federal EMTALA survey was conducted on August 19, 2019. It was determined that Mayo, a Critical Access hospital, is in substantial compliance with 42 Code of Federal Regulation Part 485, Conditions of Participation for Critical Access Hospital.

Northern Light CA Dean Hospital is a member of Northern Light Health. Being a member of the system requires a robust Quality Department and participation in all aspects of Quality within the hospital and system.

CA Dean is a member of the Northern Light Quality Council, chaired by Colleen Hilton, SVP Continuing Care and President of Northern Light Home Care & Hospice. CA Dean has two employees who represent CA Dean. As members of the Council, CA Dean reports on Quality improvement efforts, initiatives, and results on the following:

- Pressure Injuries
- Falls with or without injury
- Hospital Acquired Conditions and Infections
- Medication Errors
- Readmission rates
- Breast Cancer Screening
- Hypertension Control
- Diabetes Control

\*The above list is not all inclusive. Other initiatives/projects may be instituted based on results, patient outcomes and other factors.

Northern Light Health supports quality initiatives at CA Dean with the direction of Navneet Marwaha, MD Chief Quality Officer and Kristen Brasslett, RN, Director of Quality Improvement. These leaders are also members of the Northern Light Quality Council and are readily available to assist CA Dean on Quality initiatives. Other Northern Light Health staff also support CA Dean, including the Director of Patient Safety and Director of Patient Experience. Strong expertise, analytic tools, process improvement professionals, and regular reports provide the clinical organizations with information and resources to support quality improvement.

Northern Light CA Dean Hospital does participate in the reporting of Quality results. This includes reporting of inpatient results to:

- CMS Core Measures
- NHSN
- QHIP
- Leapfrog

\*Due to low volumes, most results are not available for public reporting.



Using certified electronic health record technology (CEHRT), Northern Light also reports performance on programs such as MIPS and Promoting Interoperability to support ambulatory and primary care services.

### **Deeming of Standard**

As provided for at 22 M.R.S. § 335 (7)(A), if the applicant is a provider of health care services that are substantially similar to those services being reviewed and is licensed in the State, the requirements of this paragraph are deemed to have been met if the services previously provided in the State by the applicant are consistent with applicable licensing and certification standards.

As stated by the applicant, Northern Light hospitals have been licensed to provide a wide array of hospital services in the State of Maine for many years. The services provided by the applicant are consistent with applicable licensing and certification standards. Due to the recent presence of conditional level deficiencies at NLH facilities the following condition applies:

### **iii. Conclusion**

The Certificate of Need Unit recommends that the Commissioner find that the applicant is fit, willing and able to provide the proposed services at the proper standard of care as demonstrated by, among other factors, whether the quality of any health care provided in the past by the applicant or a related party under the applicant's control meets industry standards.

### **III. Economic Feasibility**

#### **A. From Applicant**

Historic and projected statements of operations with assumptions are presented in **Attachment G**.

Audited financial statements for the most recent three years are included as **Attachment H**.

#### **CAPITAL COSTS**

Below is a detailed capital budget for the project.

#### **Table 5: Capital Expenditures Budget**

		Non-CON Costs	Total Project
Estimated Costs			
Purchase of Land	\$ -	\$ -	\$ -
Site Work/ Land Improvements <sup>1</sup>	\$ 876,840	\$ 575,000	\$ 1,451,840
Architects/Engineering Fees	\$ 900,000	\$ -	\$ 900,000
Project Supervision	\$ -	\$ -	\$ -
Construction <sup>2,3,4</sup>	\$ 9,428,757	\$ -	\$ 9,428,757
Construction Contingency	\$ 989,403	\$ -	\$ 989,403
Fixed Equipment/Furnishings	\$ 400,000	\$ -	\$ 400,000
Moveable Equipment <sup>5</sup>	\$ 11,000	\$ 1,639,000	\$ 1,650,000
Consultant Fees	\$ -	\$ -	\$ -
Legal	\$ -	\$ -	\$ -
Insurance	\$ 7,500	\$ -	\$ 7,500
Fees	\$ 7,000	\$ -	\$ 7,000
Interest During Construction	\$ -	\$ -	\$ -
Financing Fees	\$ -	\$ -	\$ -
Miscellaneous	\$ 5,000	\$ -	\$ 5,000
<b>Subtotal</b>	<b>\$ 12,625,500</b>	<b>\$ 2,214,000</b>	<b>\$ 14,839,500</b>
Project Contingency <sup>6</sup>	\$ 1,010,040		\$ 1,010,040
<b>Max Allowable Expenditure for CON</b>	<b>\$ 13,635,540</b>		<b>\$ 15,849,540</b>
CON Filing Fee <sup>7</sup>	\$ 13,000		

Notes:

<sup>1</sup>Parking lot construction = \$575,000

<sup>2</sup>Includes ambulance building construction = \$1,135,060

<sup>3</sup>Includes helipad construction = \$56,000

<sup>4</sup>Includes demolition costs = \$585,000 (foundation - \$35,000, building - \$350,000, asbestos abatement - \$200,000)

<sup>5</sup>Most moveable equipment is considered to be replacement

<sup>6</sup>8% additional project contingency assumed to be added as part of the CON application review. Project contingency recognizes cost increases which may occur due to current construction cost trends.

<sup>7</sup>Calculated at \$1000/million based on subtotal

The proposed capital expenditure was developed by experts and incorporates the costs to design, build and/or renovate facilities to implement the project described.

**Table 6: Sources and Uses of Capital Funds**

Sources & Uses of Cash (in '000 dollars)	
	<b>Total</b>
Equity - Includes Philanthropic Contributions	\$15,850
<b>Total Sources of Cash</b>	<b>\$15,850</b>
Construction and Related Expense	\$15,850
<b>Total Uses of Cash</b>	<b>\$15,850</b>

*No debt is anticipated at this time to complete this project.*

**Funding Support**

CA Dean and the Northern Light Foundation are conducting a capital campaign to support this project which is seen as very favorable by residents of and visitors to the region. The campaign's fundraising target is \$6.2 million; at the time of this application over 50% of the target has been pledged.

Northern Light Health, CA Dean's parent organization, maintains a common treasury for all member hospitals. This includes the establishment of one centralized cash concentration account to more efficiently manage collections and disbursements while maximizing earnings on available balances. The consolidated balance sheet of Northern Light Health should be relied upon for purposes of assessing funding capacity for the CA Dean project.

OPERATING COST IMPACT

**Staffing Assumptions**

It is anticipated that this project will result in savings through staff reductions, mainly due to the reduction in the number of swing-nursing care beds. The full impact will be realized in the first full fiscal year post implementation in 2024.

**Financial Statement Impact**

Historic and projected operating statements are included in **Attachment G**. Conservative volume and revenue assumptions were employed to assure that income and responsible financial management will be reasonably attainable. The financial analysis indicates that the hospital will generate modest profit throughout the construction period and beyond.

The CA Dean modernization is estimated to impact operating costs as indicated on **Table 7**:

**Table 7: CA Dean Net Reduction in Annual Operating Costs**

Operating Expenses	FY20 Actual	FY21 Projection	FY22	FY23	FY24 <sup>1</sup>	FY25	FY26
<b>Expenses</b>							
Salaries, Wages, and Benefits <sup>2</sup>	12,052,173	12,424,587	12,500,000	12,500,000	10,750,981	11,288,530	11,852,957
Depreciation	533,561	563,598	728,000	728,000	908,455	908,455	908,455
Interest <sup>3</sup>	146,009	144,292	142,000	142,000	140,000	138,000	136,000
Supplies and Other	5,976,025	6,915,738	6,200,000	6,200,000	5,619,600	5,619,600	5,619,600
<b>Total Expense</b>	<b>18,707,768</b>	<b>20,048,215</b>	<b>19,570,000</b>	<b>19,570,000</b>	<b>17,419,036</b>	<b>17,954,585</b>	<b>18,517,012</b>

**Notes:**

<sup>1</sup>Expenses decrease in FY24 as a result of efficiencies gained from a newer smaller hospital resulting in decreased maintenance, utilities, staffing and supply costs.

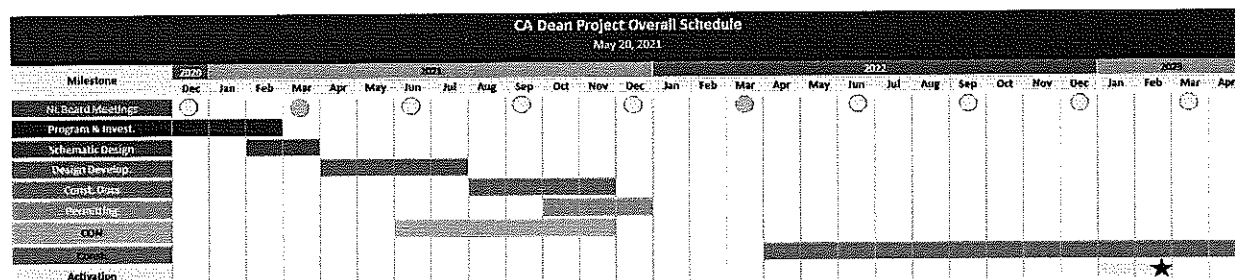
<sup>2</sup>Salaries, Wages, and Benefits will be reduced by an estimated staff reduction of up to 11 FTE's, mainly due to the reduction in swing nursing care beds.

<sup>3</sup>Interest is for bank loan, bonds and leases which are not related to new hospital construction.

Operating costs will be reduced by 11% through building maintenance and staff efficiencies.

**PROJECT DEVELOPMENT TIMELINE**

**Figure 2: CA Dean Campus Modernization Program Master Schedule**



The project is well planned out to be operationalized by Spring 2023. The financial feasibility model anticipates expenditures per the timeline in **Figure 2**. "Activation" refers to the operationalization of the new facility. Renovation of the swing-nursing care unit will continue beyond activation, and nursing care patients will temporarily move to the new facility when the East Wing is renovated.

**SUMMARY OF FINANCIAL FEASIBILITY**

CA Dean and Northern Light Health have diligently planned an appropriate scope of services for campus modernization. The project will result in net reductions to annual operating costs after consideration for incremental depreciation. This project is economically feasible and sustainable to CA Dean's financial position. The community supports this project, as reflected in the fundraising for the initiative. This project has been shown to be financially feasible.

## **B. Certificate of Need Unit Discussion**

### **i. CON Standards**

Relevant standards for inclusion in this section are specific to the determination that the economic feasibility of the proposed services is demonstrated in terms of the:

- Capacity of the applicant to support the project financially over its useful life, in light of the rates the applicant expects to be able to charge for the services to be provided by the project; and
- Applicant's ability to establish and operate the project in accordance with existing and reasonably anticipated future changes in federal, state, and local licensure and other applicable or potentially applicable rules.

### **ii. CON Unit Analysis**

In order to assess the financial stability of the applicant, the CONU used financial ratios to measure profitability, liquidity, capital structure and asset efficiency. CONU examined both EMMC and CA Dean financial results. Financial ratios were obtained from the Maine Health Data Organization Hospital Financial Information Part 1 and Maine Health Data Organization Hospital Financial Data Definitions available on MHDO's website <http://mhdo.maine.gov/imhdo/>. Additional information was obtained from the 2018 Almanac of Hospital Financial and Operating Indicators.

#### **PROFITABILITY RATIOS**

CONU used three profitability ratios to measure the applicant's ability to produce a profit (excess of revenue over expenses). Hospitals cannot be viable in the long term without an excess of revenues over expenditures. Cash flow would not be available to meet normal cash requirements needed to service debt and investment in fixed or current assets. Profitability has a large impact on most other ratios. For example, low profitability may adversely affect liquidity and sharply reduce the ability to pay off debt.

**Operating margin:** The operating margin is the most commonly used financial ratio to measure a hospital's financial performance. The operating margin measures the proportion of operating revenue retained as income and measures the hospital's profitability from providing patient care and other hospital operations.

This ratio is calculated as follows: *Operating Income/Total Operating Revenue*

Operating Margin	2014	2015	2016	2017	2018
EMMC	2.5%	5.49%	3.83%	3.25%	1.01%
CA Dean	(1.59%)	(1.20%)	(10.93%)	6.26%	11.00%
All Maine Hospital Median	(0.93%)	.23%	(0.54%)	.78%	.39%
National Median	N/A	N/A	N/A	N/A	N/A

Performance implications: Increasing values are favorable

**Net Operating Income (Loss):** Net operating income is calculated by subtracting operating expense from operating revenue. This measure is used to look at how a hospital's net operating income performed in comparison with last years' figure and whether or not there is a positive or negative trend in the future.

Net Operating Income (Loss)	2014	2015	2016	2017	2018
EMMC	\$16,727,906	\$39,562,673	\$29,747,185	\$27,815,541	\$8,883,385
CA Dean	(\$251,339)	(\$193,467)	(\$1,636,595)	\$1,119,008	\$2,122,053
All Maine Hospital Median	(\$251,339)	\$194,646	(\$341,747)	\$533,127	\$542,620
National Median	N/A	N/A	N/A	N/A	N/A

**Return on Equity:** This ratio defines the amount of excess revenue over expenses and losses earned per dollar of equity investment. Most not-for-profit hospitals received their initial, start-up equity capital from religious, educational, or governmental entities, and today some hospitals continue to receive funding from these sources. However, since the 1970s, these sources have provided a much smaller proportion of hospital funding, forcing not-for-profit hospitals to rely more on excess revenue over expenses and outside contributions. Many analysts consider the Return on Equity measure a primary indication of profitability. A hospital may not be able to obtain equity capital in the future if it fails to maintain a satisfactory value for this ratio. This ratio was calculated as follows: *Excess of Revenue over Expenses/Fund Balance-Unrestricted*

Return on Equity	2014	2015	2016	2017	2018
EMMC	5.25%	11.78%	8.32%	17.50%	3.75%
CA Dean	(6.77%)	(7.23%)	(385.76%)	107.29%	60.81%
All Maine Hospital Median	4.19%	2.06%	.04%	7.56%	3.82%
National Median	7.30%	7.00%	5.80%	4.50%	N/A

Performance implications: Increasing values are favorable

Trends: Nationally many hospitals were showing improvements.

## LIQUIDITY RATIOS

CONU used three liquidity ratios to measure the applicant's ability to meet short-term obligations and maintain cash position. A poor liquidity ratio would indicate that the hospital is unable to pay current obligations as the come due.

**Current Ratio (Without Board Designated and Undesignated Investments):** Current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations. The ratio is mainly used to determine if the hospital is able to pay back its short-term liabilities (debt and payables with its short-term assets (cash, inventory, receivables). From an evaluation standpoint, high values for the Current Ratio imply a high likelihood of being able to pay short term obligations. A ratio under 1 suggests that the hospital would be unable to pay off its obligations if they came due at that point.

This ratio is calculated as follows: *Total Current Assets/Total Current Liabilities*

Current Ratio	2014	2015	2016	2017	2018
EMMC	1.62	1.81	2.17	2.46	3.15
CA Dean	.98	.85	.76	.57	.53
All Maine Hospital Median	1.63	1.70	1.91	1.83	1.81
National Median	2.13	2.19	2.17	2.29	N/A

Performance implications: Increasing values are favorable

Trends: The Current Ratio continues to show improvements across many hospitals. This continued improvement implies that hospitals are generally well managing their liquidity.

**Days Cash on Hand (Current):** Days cash on hand is a common measure that gives a snapshot of how many days of operating expenses a hospital could pay with its current cash available. High values for this ratio usually imply a greater ability to meet short term obligations and are viewed favorably by creditors.

This ratio is calculated as follows: *Cash & Investments + Current Assets Who's Use is Limited/Total Advertising + Salaries & Benefits + Other Operating Expenses + Interest/365 days*

Days Cash on Hand (Current)	2014	2015	2016	2017	2018
EMMC	28.1	33.2	41.8	14.4	52.1
CA Dean	4.0	8.5	17.9	55.0	46.6
All Maine Hospital Median	26.4	28.3	18.8	18.2	24.9
National Median	35.4	29.7	33.1	44.3	N/A

Performance implications: Increasing values are favorable

**Average Payment Period (Current Liabilities):** This ratio provides a measure of the average time that elapses before current liabilities are paid. Creditors regard high values for this ratio as an indication of potential liquidity problems.



This ratio is calculated as follows: *Total Current Liabilities/ ((Total Expenses – Depreciation Expense/365).*

Average Payment Period	2014	2015	2016	2017	2018
EMMC	52.6	52.1	45.0	36.7	37.3
CA Dean	87.2	79.8	75.3	57.6	36.3
All Maine Hospital Median	76.5	75.5	71.5	57.9	54.9
National Median	54.9	54	52.6	53.7	N/A

Performance implications: Decreasing values are favorable.

Trends: Nationally, this ratio has been creeping upwards during the last five years. Large hospitals have some of the higher values as do hospitals with low operating margins.

### CAPITAL STRUCTURE RATIOS

CONU used three capital structure ratios in order to measure the applicant's capacity to pay for any debt. The hospital industry has radically increased its percentage of debt financing over the past two decades making this ratio vitally important to creditors who determine if a hospital is able to increase its debt financing. The amount of funding available to a hospital directly impacts its ability to grow.

**Debt Service Coverage:** This ratio measures the amount of cash flow available to meet annual interest and principal payments on debt. A DSCR of less than 1 would mean a negative cash flow. This ratio is calculated as follows: *Excess of Revenue over Expenses + Depreciation + Interest/Interest + Previous Years Current LTD*

Debt Service Coverage	2014	2015	2016	2017	2018
EMMC	7.42	11.98	7.67	5.02	2.94
CA Dean	4.99	7.40	(14.92)	12.49	13.58
All Maine Hospital Median	2.79	2.99	2.09	2.90	2.69
National Median	2.67	3.39	3.33	2.32	N/A

Performance implications: Increasing values are favorable

**Cash Flow to Total Debt:** This coverage ratio compares a company's operating cash flow to its total debt. This ratio provides an indication of a hospital's ability to cover total debt with its yearly cash flow from operations. The retirement of debt principal is not a discretionary decision. It is a contractual obligation that has definite priority in the use of funds. Therefore, a decrease in the value of the Cash Flow to Total Debt ratio may indicate a future debt repayment problem. The higher the percentage ratio, the better the company's ability to carry its total debt.

This ratio is calculated as follows: *Excess of Revenue over Expenses + Depreciation/Total Current Liabilities + Total Non- Current Liabilities*

Cash Flow to Total Debt	2014	2015	2016	2017	2018
EMMC	10.24%	15.46%	10.79%	11.88%	7.20%
CA Dean	5.45%	6.88%	(10.00%)	18.11%	33.85%
All Maine Hospital Median	9.07%	10.70%	9.46%	14.44%	11.66%
National Median	23.50%	22.50%	19.80%	17.30%	N/A

Performance implications: Increasing values are favorable.

**Fixed Asset Financing:** This ratio defines the proportion of net fixed assets (gross fixed assets less accumulated depreciation) financed with long-term debt. This ratio is used by lenders to provide an index of the security of the loan. This ratio is calculated as follows: *Long Term Debt/Net Plant, Property & Equipment*

Fixed Asset Financing	2014	2015	2016	2017	2018
EMMC	83.03%	63.35%	90.81%	78.12%	77.69%
CA Dean	6.53%	7.52%	105.39%	72.73%	69.93%
All Maine Hospital Median	44.85%	43.67%	45.83%	47.31%	46.09%
National Median	55.50%	44.40%	45.20%	54.70%	N/A

Performance implications: Decreasing values are favorable.

Trends: Nationally, this ratio has declined for the last three years.

#### ASSET EFFICIENCY RATIOS

CONU used two asset efficiency ratios. These ratios measure the relationship between revenue and assets.

**Total asset turnover ratio:** Provides an index of the number of revenue dollars generated per dollar of asset investment. Higher values for this ratio imply greater generation of revenue from a limited resource base and are sometimes viewed as a positive indication of efficiency. This ratio is affected by the age of the plant being used by the hospital. This ratio is calculated as follows: *Total Operating Revenue + Total non-operating Revenue/Total Unrestricted Assets.*

Total Asset Turnover	2014	2015	2016	2017	2018
EMMC	0.89	0.93	0.83	1.11	1.11
CA Dean	1.63	1.89	1.41	1.71	1.70
All Maine Hospital Median	1.14	1.18	1.22	1.41	1.58
National Median	0.98	1.01	1.00	0.97	N/A

Performance Implications: Increasing values are favorable

Trends: Nationally, these values have held fairly steady for the last several years.

**Fixed Asset Turnover Ratio:** Measures the number of revenue dollars generated per dollar of fixed asset investment. High values for this ratio may imply good generation of revenue from a limited fixed asset base and are usually regarded as a positive indication of operating efficiency. This ratio is calculated as follows: *Total Operating Revenue/Net Plant, Property, & Equipment*

Fixed Asset Turnover	2014	2015	2016	2017	2018
EMMC	2.63	2.19	1.98	1.90	1.97
CA Dean	4.21	4.82	4.13	3.46	3.65
All Maine Hospital Median	2.94	3.02	3.04	3.15	3.35
National Median	N/A	N/A	N/A	N/A	N/A

Performance implications: Increasing values are favorable

**CONU Summary of Financial Ratios:** Below is a chart summarizing the percentage of time EMMC and CA Dean meet or exceeds Maine or National medians between 2014 and 2018.

EMMC	RATIO	MAINE	NATIONAL
Profitability	Operating Margin	100%	NA
Profitability	Net Operating Income	100%	NA
Profitability	Return on Equity	80%	50%
Liquidity	Current Ratio	80%	50%
Liquidity	Days Cash on Hand	80%	50%
Liquidity	Avg. Payment Period	100%	100%
Capital Structure	Debt Service Coverage	100%	100%
Capital Structure	Cash Flow to Total Debt	60%	0%
Capital Structure	Fixed Asset Financing	0%	0%
Asset Efficiency	Total Asset Turnover	0%	25%
Asset Efficiency	Fixed Asset Turnover	0%	NA

NA-Not available

CA Dean	RATIO	MAINE	NATIONAL
Profitability	Operating Margin	40%	NA
Profitability	Net Operating Income	40%	NA
Profitability	Return on Equity	40%	NA
Liquidity	Current Ratio	0%	0%
Liquidity	Days Cash on Hand	40%	25%
Liquidity	Avg. Payment Period	20%	0%
Capital Structure	Debt Service Coverage	80%	75%
Capital Structure	Cash Flow to Total Debt	40%	25%
Capital Structure	Fixed Asset Financing	40%	50%
Asset Efficiency	Total Asset Turnover	100%	100%
Asset Efficiency	Fixed Asset Turnover	100%	NA

NA-Not available

EMMC meets or exceeds Maine performance averages in 8 out of 11 measures and exceeds National averages in 5 out of 11 measures. CA Dean meets or exceeds Maine performance measures in 3 out of 11 measures and exceeds National averages in 3 out of 11 measures.

This project will reduce the overall footprint of CA Dean by over 20,000 square feet while still meeting the regions healthcare needs. The applicant prepared a comprehensive analysis of current and projected hospital services statistics through FY 2026. Days and discharge volume are expected to remain constant with the exception of inpatient swing nursing care days which will decrease to reflect the decrease in number of beds. Emergency Department visits, Lab Utilization and Radiology/Imaging volumes are expected to remain constant. Primary and Specialty Care volumes are expected to grow. Endoscopy services will be discontinued since there will be no procedure room in the new hospital. Patients needing endoscopy services will be referred to Northern Light Mayo Hospital in Dover-Foxcroft.

An examination of CA Dean's projected financial results through FY 2026 reveals that revenues are projected to decrease in FY 2024 as a result of a reduction in available beds and the closure of the procedure room, staffing reductions and operating efficiencies should contribute to reduced operating expenses. Positive net operating incomes are projected through FY 2026. This project is not expected to require additional borrowing since it will be funded by an equity contribution by Northern Light Health, which will be augmented by estimated public contributions of \$6,200,000.

CONU examined the consolidated balance sheet of Northern Light Health, CA Deans parent company, to determine if adequate funding capacity exists to support this project in the event financial projections do not meet expectations. As of September 30, 2020, Northern Light Health had cash and cash equivalents of \$151,470,000 and short-term investments of \$176,908,000 which are sufficient to support this project over its useful life.

### **Changing Laws and Regulations**

Certificate of Need Unit staff is not aware of any imminent or proposed changes in laws and regulations that would impact the project.

### **Deeming of Standard**

As provided for at 22 M.R.S. § 335 (7)(B), if the applicant is a provider of health care services that are substantially similar to those services being reviewed and is licensed in the State, the applicant is deemed to have fulfilled the requirements of this standard if the services provided in the State by the applicant during the most recent 3-year period are of similar size and scope and are consistent with the applicable licensing and certification standards.

The applicant has provided hospital services for decades and is currently licensed by the State of Maine. This project does not seek to expand current services but seeks to achieve financial and operating efficiencies in order to maintain necessary health care services in CA Dean's service area. The deeming standard has been met.

### **iii. Conclusion**

Certificate of Need Unit staff recommend that the Commissioner determine that the applicant has met their burden to demonstrate: (1) the capacity of the applicant to support the project financially over its useful life, in light of the rates the applicant expects to be able to charge for the services to be provided by the project; and (2) the applicant's ability to establish and operate the project in accordance with existing and reasonably anticipated future changes in federal, state and local licensure and other applicable or potentially applicable rules.

#### IV. Public Need

##### A. From Applicant

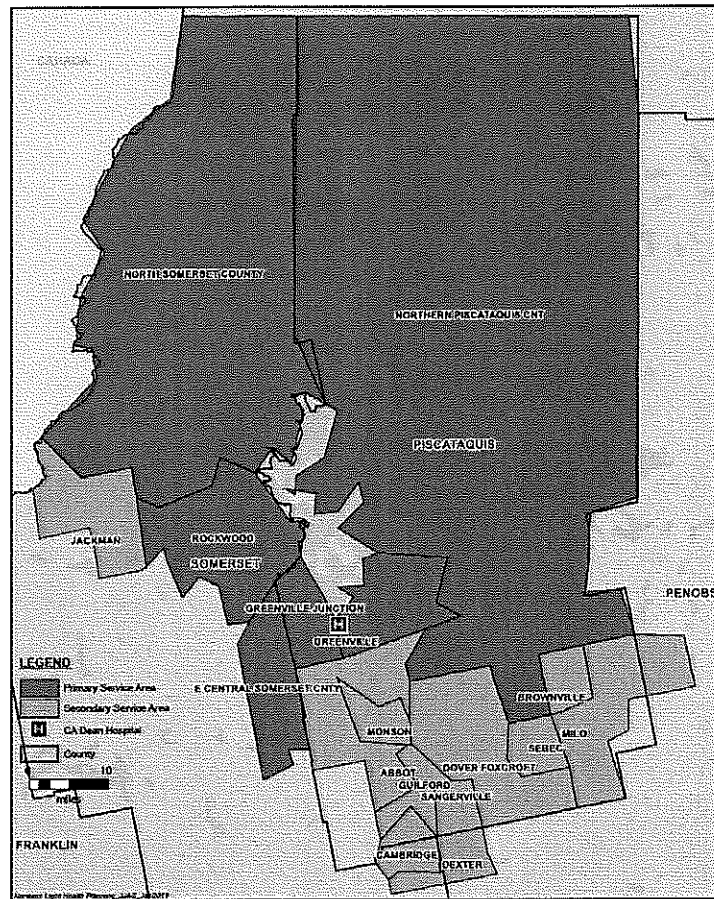
###### NEEDS OF THE COMMUNITY

The proposed hospital replacement project enables CA Dean to continue providing access to quality healthcare close to home for residents and visitors of the area in a more cost and resource efficient manner. All services and programs are sized appropriately for the current and anticipated future demand for health care given projected industry trends and demographic changes.

###### CA DEAN SERVICE AREAS AND MARKET OVERVIEW

CA Dean's total service area is defined by contiguous zip codes from where the hospital's inpatient discharges originate, split into primary and secondary areas as illustrated in **Figure 3**. In an analysis of FY 2020 internal inpatient data, approximately 67% of the hospital's discharges originated from the Primary Service Area (PSA), and an additional 24% of the hospital's discharges originated from the Secondary Service Area (SSA). CA Dean's service area is not projected to change as a result of this project. **Figure 3** and **Table 8** below provide more detail regarding CA Dean's Service Area and the origin of CA Dean's inpatient discharges.

**Figure 3: CA Dean Primary and Secondary Service Areas**



As shown in **Table 8**, about two-thirds of CA Dean's acute patients come from the PSA; almost a quarter from the SSA, and less than one tenth from outside the defined primary and secondary service areas.

**Table 8: CA Dean Service Area Inpatient Discharge Volume by Town of Origin**

**CA Dean Hospital Inpatient Discharges - Patient Origin, FY 2020**

<b>Service Area</b>	<b>Town</b>	<b>Discharges</b>	<b>% of Ttl</b>
PSA	Greenville	38	35.5%
PSA	Greenville Junction	17	15.9%
PSA	Rockwood	15	14.0%
PSA	Shirley Mills	1	0.9%
PSA	Beaver Cove	1	0.9%
<b>PSA Total</b>		<b>72</b>	<b>67.3%</b>
SSA	Guilford	7	6.5%
SSA	Monson	6	5.6%
SSA	Jackman	5	4.7%
SSA	Sangerville	2	1.9%
SSA	Abbot	2	1.9%
SSA	Willimantic	2	1.9%
SSA	Blanchard Twp	1	0.9%
SSA	Parkman	1	0.9%
<b>SSA Total</b>		<b>26</b>	<b>24.3%</b>
<b>Out of SA</b>		<b>9</b>	<b>8.4%</b>
<b>CA Dean Total Discharges</b>		<b>107</b>	<b>100.0%</b>

Note: Total excludes 3 unknown patient origin discharges

Source: EPSi Decision Support

The table above shows annual inpatient discharge activity. CA Dean experiences some seasonal variation in service volumes. The population of Greenville and surrounding communities swells in the summer months with visitors and part-time residents. The influx of care, whether in the primary care setting or the emergency department, is evident.

#### POPULATION AND AGE CHARACTERISTICS

As noted in **Table 9** below, according to the Maine State Economist Population Projections the year-round population in CA Dean's total service area is expected to decrease moderately through 2038 by 8% over a multi-year period. It should be noted that while total population in the service area is projected to fall, the age 65+ population is projected to grow a net of 4% through 2038, consistent with state-level trends. The age 65+ population tend to utilize healthcare services at higher rates than any other age group.

The Moosehead Lake region welcomes over 7,500 visitors each year during the summer months. The area is also a popular destination for winter activities during the colder months. While the year-round resident population is projected to decrease, seasonal visitors to the region are projected to increase in coming years.



**Table 9: CA Dean Hospital Service Area Population Trends**

<b>CA Dean Service Area Population Change Projections 2023-2038</b>							
CA Dean Service Areas	2023	2028	2033	2038	2038 % of Total	% Change 2023-2038	Trajectory 2023-2038
PSA	1,890	1,859	1,801	1,756	9%	-7%	///
SSA	18,925	18,471	17,945	17,483	91%	-8%	///
Total	20,815	20,330	19,746	19,239	100%	-8%	///
Piscataquis County	2023	2028	2033	2038	2038 % of Total	% Change 2023-2038	Trajectory 2023-2038
0-19	2,822	2,634	2,529	2,442	17%	-13%	///
20-44	3,626	3,448	3,353	3,348	23%	-8%	///
45-64	4,269	3,620	3,325	3,188	22%	-25%	///
65+	5,473	5,987	5,995	5,712	39%	4%	///
Total	16,190	15,689	15,203	14,690	100%	-9%	///
Maine Total	2023	2028	2033	2038	2038 % of Total	% Change 2023-2038	Trajectory 2023-2038
0-19	262,656	249,789	240,515	232,560	17%	-11%	///
20-44	389,637	384,530	374,643	366,093	27%	-6%	///
45-64	359,685	335,308	329,849	335,731	24%	-7%	///
65+	343,946	399,211	429,016	437,225	32%	27%	///
Total	1,355,924	1,368,838	1,374,023	1,371,608	100%	1%	///

Source: Maine's Department of Administrative and Financial Services, State Economist, "Maine State and County Population Projections 2038" and "Maine City and Town Population Projections 2038".

### Economic Indicators

Piscataquis County, where CA Dean Hospital is located, ranks slightly above the median in county unemployment rates in Maine. According to the Maine Center for Workforce Research and Information's March 2021 *Unemployment and Labor Force* report, the unemployment rate for Piscataquis County was 5.9%, and for Maine it was 5.4% (rates not seasonally adjusted).

### REGIONAL HEALTH NEEDS ASSESSMENT

Northern Light Health collaborates with other health systems and with the State of Maine Centers for Disease Control (MeCDC) on the Maine Shared Community Health Needs Assessment (CHNA). This is a unique, statewide, public-private partnership developed for the purpose of collecting and analyzing data to inform hospitals in the development of Community Health Improvement Plans, required by the IRS, and the State Public Health Office for the public health accreditation. By collaborating on data collection and analysis and partnering in community engagement forums throughout Maine, health systems and public health offices participate in consistent data sharing and hear from community members in a common forum.

Data collection occurs on a three-year cycle. The most recent data collection and engagement forum occurred in 2018.

The Piscataquis community event took place on September 18<sup>th</sup>, 2018. At this event, officials shared the results of the most recent data collection and the health issues of greatest concern for Piscataquis County. A prioritization exercise considered what the attendees ranked as most needed for the region. CA Dean reviewed the findings from the community engagement forum and identified health improvement priorities which were documented in the hospital's Community Health Improvement Plan and shared with public health and other partners.

CA Dean has focused on three major areas of need in the past years, based on information from the health needs assessment and community input: Substance abuse, mental health, and access to care. For each of these health priority areas, CA Dean identified strategies to address the needs.

- ⇒ Substance abuse: Partnerships with local law enforcement for increased participation in drug takeback days in the community
- ⇒ Mental health: Improved access to behavioral health services in the ED and primary care settings
- ⇒ Access to Care: Shortened time to first appointment or time to next appointment with behavioral health professionals

The health needs and strategies are further supported by an enduring intra-System partnership with Acadia Hospital providers, who deliver psychiatric consultations via the CA Dean Emergency Department 24/7, year-round.

The statewide community needs assessment data is currently being updated with another regional engagement session planned for the Fall of 2021. High priority issues are expected to be consistent along with a broader focus on social determinants of health. It is clear from its mission and work that CA Dean will continue to be focused on improving the health and wellbeing of the communities served.

The 2019 Piscataquis County CHNA report can be found in the link below. This rural area of Maine has social determinant and health status challenges which reinforce the need for a health delivery presence in the Greenville region.

[Piscataquis\\_2019-CHNA\\_FINAL.pdf.aspx \(northernlighthealth.org\)](https://www.northernlighthealth.org/Piscataquis_2019-CHNA_FINAL.pdf.aspx)

## CA DEAN HISTORICAL AND PROJECTED SERVICE VOLUME

The following table sets forth a summary of historical and projected utilization data for CA Dean Hospital for fiscal years 2020, 2021 YTD, and projected through 2026, three years after the construction is complete.

**Table 10: CA Dean Historical and Projected Services Statistics Inpatient and Outpatient Volume**  
CA Dean Hospital Services Statistics

	March YTD		Forecasted					
<u>Inpatient Routine Services Statistics</u>	FY 2020	FY 2021 (6 Mths)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Inpatient Discharges (Acute and Skilled) <sup>2</sup>	110	65	130	100	100	100	100	100
Inpatient Days (Acute and Skilled) <sup>1</sup>	958	725	1,450	1,518	1,518	1,518	1,518	1,518
Inpatient Days (Swing Nursing Care) <sup>1</sup>	4,872	2,457	4,914	4,800	4,000	3,650	3,650	3,650
Outpatients in Beds, patient days	63	13	26	60	60	60	60	60
Average Daily Census (Acute and Skilled)	2.6	4.0	4.0	4.2	4.2	4.2	4.2	4.2
Average Daily Census (Swing Nursing Care)	13.3	13.7	13.5	13.2	11.0	10.0	10.0	10.0
Average Length of Stay (Acute and Skilled)	8.7	11.2	11.2	15.2	15.2	15.2	15.2	15.2
Case Mix Index	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<u>Ancillary Statistics - Inpatient &amp; Outpatient</u>								
<u>Visits:</u>								
Emergency Department <sup>2</sup>	1,605	629	1,258	1,900	1,900	1,900	1,900	1,900
Primary Care <sup>3</sup>	11,967	6,342	12,684	12,600	12,800	13,000	13,200	13,400
Specialty Care <sup>3</sup>	6,223	3,760	7,520	7,000	7,200	7,400	7,600	7,800
<u>Procedures and Tests:</u>								
Endoscopy <sup>4</sup>	88	52	104	100	100	-	-	-
Laboratory <sup>5</sup>	33,663	21,223	42,446	31,300	31,300	31,300	31,300	31,300
Radiology/Imaging <sup>6</sup>	2,950	1,338	2,676	3,012	3,012	3,012	3,012	3,012

Source: CA Dean Hospital Internal Data

**Notes:**

<sup>1</sup>Days and Discharges: volumes are expected to remain constant with the exception of IP swing nursing care days will decrease to reflect the decrease in number of beds. Discharges remain constant due to infrequent turnover.

<sup>2</sup>ED: historical visits have been around 1,900. FY20 and FY21 are low due to Covid-19. Expecting return to normal for FY22 and beyond.

<sup>3</sup>Primary and Specialty Care: expectation is continued growth of PC + SC office visits.

<sup>4</sup>Endoscopy: will discontinue due to no procedure room in new hospital. These services will be referred to Mayo Hospital.

<sup>5</sup>Lab Utilization: FY20 and FY21 increased due to Covid-19 testing, expecting return to normal for FY22 and beyond.

<sup>6</sup>Radiology/Imaging: volumes decreased in FY20 and FY21 due to Covid-19. Volumes are expected to remain constant for FY22 and beyond.

The scope of this project and the related financial projections are mainly focused on inpatient and emergency services. The majority of the census will be swing nursing care (10 out of 15 beds) and these patients are low utilizers of lab and radiology services. The lab and radiology services are mainly driven by the ED and primary care. The resulting impact to these and other mainly outpatient departments is anticipated to be minimal.

## MARKET VOLUMES AND SHARE

As shown in **Tables 11 and 12** below, CA Dean has had a moderate inpatient market share of the primary service area and a very modest share of the secondary service area. Service areas are shown in **Figure 3**. Market share is not expected to change as a result of this modernization project.

**Table 11: CA Dean Primary Service Area Historical Inpatient Discharges and Market Share**

CA Dean PSA Market Share				
Facilities	CY 2019	CY 2020 (9 Months)	Market Share 2019	Market Share CY 2020 (9 Months)
Northern Light C.A. Dean Hospital	77	35	31%	25%
Northern Light Eastern Maine Medical Center	99	69	40%	50%
Northern Light Mayo Hospital	21	18	8%	13%
Northern Light Acadia Hospital	3	5	1%	4%
Northern Light Mercy Hospital	3	5	1%	4%
St. Joseph Hospital	11	3	4%	2%
Maine Medical Center	20	1	8%	1%
MaineGeneral Medical Center Augusta	7	1	3%	1%
Other	9	2	4%	1%
Grand Total	250	139	100%	100%

Source: MHDO inpatient data set.

**Table 12: CA Dean Secondary Service Area Historical Inpatient Discharges and Market Share**

CA Dean SSA Market Share				
Facility	CY 2019	CY 2020 (9 Months)	Market Share 2019	Market Share CY 2020 (9 Months)
Northern Light C.A. Dean Hospital	24	9	1%	0%
Northern Light Eastern Maine Medical Center	1049	808	41%	43%
Northern Light Mayo Hospital	922	667	36%	36%
St. Joseph Hospital	183	85	7%	5%
Northern Light Acadia Hospital	83	53	3%	3%
Maine Medical Center	71	58	3%	3%
Northern Light Seabrook Valley Hospital	65	58	3%	3%
MaineGeneral Medical Center Augusta	50	23	2%	1%
Redington-Fairview General Hospital	47	19	2%	1%
Northern Light Inland Hospital	15	24	1%	1%
Central Maine Medical Center	27	6	1%	0%
St. Mary's Regional Medical Center	6	9	0%	0%
Northern Light Maine Coast Hospital	7	8	0%	0%
Northern Light Mercy Hospital	6	8	0%	0%
Other	21	32	1%	2%
Grand Total	2576	1867	100%	100%

Source: MHDO inpatient data set

CADean inpatient services are mainly provided to area residents and out of state visitors to the region.

**Table 13: Distance and Travel Time From Other Area Hospitals**

Hospitals within 100 Miles of CA Dean with Drive Time			
Facility	Address	Distance from CA Dean (in Miles)	Drive Time (In Minutes)
Northern Light C.A. Dean Hospital	364 Pritham Ave, Greenville Junction, ME 04442	-	-
Northern Light Mayo Hospital	897 W Main St, Dover-Foxcroft, ME 04426	35	45
Millinocket Regional Hospital	200 Somerset St, Millinocket, ME 04462	58	101
St. Joseph Hospital	360 Broadway, Bangor, ME 04401	69.1	92
Northern Light Acadia Hospital	268 Stillwater Ave, Bangor, ME 04401	70.6	95
Northern Light Eastern Maine Medical Center	489 State St, Bangor, ME 04401	71.1	98
Northern Light Inland Hospital	200 Kennedy Memorial Dr, Waterville, ME 04901	80.9	102
MaineGeneral Medical Center Augusta	35 Medical Center Pkwy, Augusta, ME 04330	96.9	110

*\*Data pulled from Google Maps on May 3, 2021.*

With nearest hospitals located over 35 miles or more than 40-minutes drive time from CA Dean, the proposed project is not expected to significantly impact market volumes or share. The goal for this project is to continue serving the needs of the community in a modern consolidated facility that will enable CA Dean to care for patients in a more efficient environment for many years to come.

#### PROJECTED SERVICE VOLUMES

CA Dean and Northern Light Health engaged Jensen Partners, a national expert on healthcare trends and analytics as well as space planning, to assist CA Dean and Northern Light Health to develop projections of patient need for hospital services in CA Dean's service area. Consultants used CA Dean and Maine Health Data Organization (MHDO) historical data, interviews with CA Dean staff and their expert knowledge to assess CA Dean's current state and the future healthcare needs of the service area.

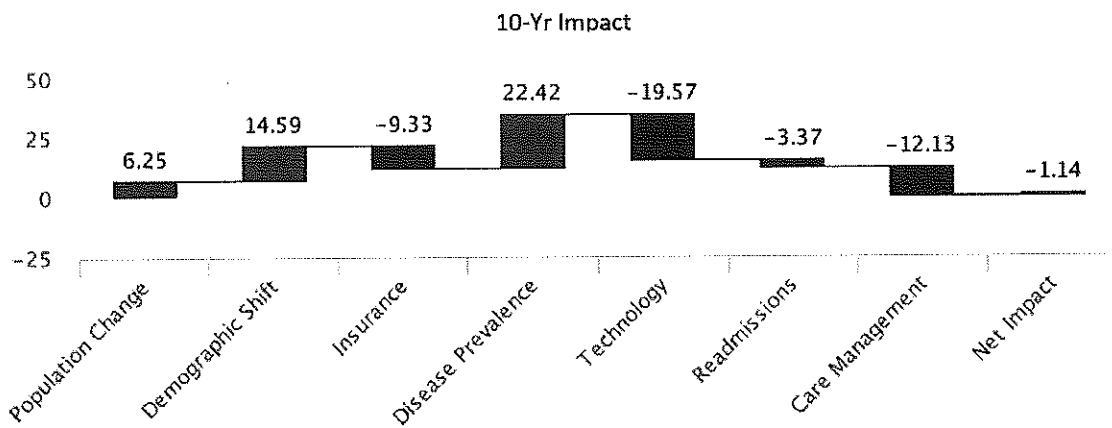
The resulting analysis projects the future needs for hospital services in the service area based on anticipated demographic changes and other industry trend factors as incorporated using the Advisory Board Company forecasting tool shown below. The analysis assumes no significant changes in market share. Inpatient need was translated into future bed need by unit type (acute and nursing). The projected volumes are used as a basis for the financial forecasts included in **Attachment G**.

#### INPATIENT PROJECTIONS

As outlined in **Figure 4**, the demand forecast for inpatient services includes analysis of many factors. Inpatient volume change projections centered around seven key drivers: population, demographics, insurance, disease prevalence, technology, readmissions, and care management. Factors that will tend to increase inpatient volume in the primary service area are population demographics (aging of the population) and epidemiology. Factors that will tend to decrease

inpatient volume are innovation and technology, reductions in potentially avoidable admissions and 30-day readmissions, the shifting of care to less acute settings, and more assertive case management.

**Figure 4: Advisory Board Company Inpatient Market Growth Drivers for CA Dean's PSA**



As evident in the Figure 4 above, inpatient volume in the primary service area is projected to remain virtually unchanged over the next 10 years with a modest net impact of -1.14.

**Table 14: CA Dean Hospital Historical and Projected Inpatient Discharge Volume**

Inpatient Discharges (Acute and Skilled)	March						
	FY 2020	FY 2021 YTD	FY2022	FY2023	FY2024	FY2025	FY2026
	110	65	100	100	100	100	100

CA Dean and its consultants used CA Dean's experience and national guidelines to set target occupancy rates and determine the size of the inpatient program. The summary analysis of average daily census and the number of inpatient beds needed are included in **Table 15**.

CA Dean has forecasted little or no change in inpatient discharge volume over the next several years, consistent with forecasts incorporated into the financial feasibility model. Length of stay for acute and swing-skilled patients are expected to remain consistent. Swing-nursing care beds are expected to be filled with regional demand as they become available.

The projected bed demand included in **Table 15** is based on Jensen's analysis of FY2018 average daily census by nursing unit. Applying target occupancy rates of 70% for acute and swing-skilled beds and 90% for swing-nursing care beds yields an estimated bed need of 4 acute/swing-skilled beds and 15 nursing beds. An internal review of more recent FY2019 and FY2020 inpatient discharge data concluded results that are consistent with our consultant's recommendation as presented in Table 15. To accommodate fluctuations in daily patient census as well as seasonality, CA Dean plans to operate five acute/swing skilled beds in single occupancy rooms in the new facility.

The current East Wing of the hospital is dedicated to the care of patients meeting the criteria for skilled nursing level of care. Most of the nursing care patient population are residents of Greenville

or the surrounding communities. Quarterly patient experience surveys are sent to the next of kin or legal guardians, with results being overwhelmingly positive. There have been no patient complaints or family complaints in well over 5 years. Staff assigned to the East Wing are long-term employees dedicated to the care and wellbeing of these patients and their families. Staffing numbers exceed the national standards for nursing level of care patients

Working with the current footprint of the East Wing, and adhering to the project's guiding principle of building single occupancy rooms, CA Dean plans to operate 10 single-occupancy nursing beds; this is the maximum number of single-occupancy rooms that can be accommodated in the existing space. This decision was also influenced by experiences gained from the COVID pandemic and the need to have the capability to house nursing care patients in single occupancy rooms.

**Table 15: Inpatient and Nursing Bed Need**

CA DEAN BED UNIT	Licensed Beds	Rooms in UNIT	ALOS	FY 2017 Annualized Patient Days	FY 2018 Annualized ADC	TARGET Occ.	2018 Beds Needed at Target
<b>MED / SURG / SNF / TELE.</b>	<b>25</b>	<b>22</b>		<b>6,183</b>	<b>17</b>	<b>70%</b>	<b>19</b>
West Wing Acute	9	7	2.9	301	1	70%	
West Wing Swing-Skilled		7	24	1,074	3	70%	4
East Wing Swing-Nursing	16	8	Until Death	4,808	13	90%	15
<b>Total</b>	<b>25</b>	<b>22</b>		<b>6,183</b>	<b>17</b>		<b>19</b>

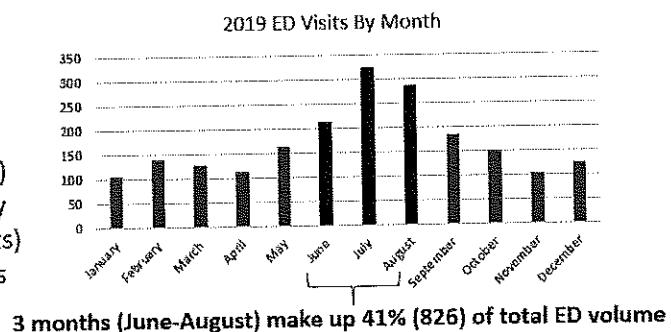
## EMERGENCY DEPARTMENT

The Emergency Department will be located in the new facility. A total of three treatment spaces and one triage room will support an anticipated volume of 1900 visits per year in the financial analysis. The proposed program is consistent with current state programming and anticipates surge capacity during periods of high utilization. The proposed plan will allow CA Dean to meet current and future demand, while remaining flexible and prepared for varying acuities of emergency care as well as behavioral care.

**Figure 5: Emergency Department Volume and Exam Room Need**

### 2019 ED Volume Summary

- 2,036 Visits Annual Visits
- 5.6 Visits / Day
- 230 Total Patients Admitted Annually (11% of total ED visits)
- 121 Patients Admitted Annually to CA Dean (6% of total ED visits)
- 168 Patients arrived after hours 10pm – 6am (8% of total)



**Figure 5** indicates a projection of almost 2,000 emergency visits per year and indicates the seasonality of this service in rural Greenville region. Volumes in the emergency department are approximately 30% higher in the summer months, with a large variety of patient needs. The

design is consistent with the goal of being flexible and responsive to current and future needs. Volumes in the emergency department are expected to return to pre-COVID service levels.

The project includes an emergency department with one triage room and three exam rooms. One exam room will be appropriate for behavioral health patients with safe design incorporated; and another will have negative pressure functionality. This combination of exam rooms will provide the CA Dean staff the ability to respond in a timely fashion to the range of clinical needs which present to the emergency department.

#### IMAGING

A target benchmark was used for each imaging modality to determine the current and projected need for imaging equipment as illustrated in **Table 16**.

General X-ray volume is largely outpatient; one digital imaging room within the ED will be sufficient to support just over 1,900 procedures annually. CT volume projects a need for one room to meet current inpatient and outpatient utilization. The ultrasound unit will be portable and available throughout the facility.

Total imaging testing needs are projected at just over 3,000 procedures per year (see **Table 10**) and will be supported by the imaging modalities planned in the new facility.

**Table 16: Imaging Procedure and Equipment Need Summary**

Service	Procedures				Equipment Total	Procedures per Room	Target Proc. / Room		Needed			Total Needed
	ALL	IP	ED	OP			IP/ED	OP	IP	ED	OP	
General Radiography	1,914	56	766	1,092	1	1,914	8,000	10,000	0.0	0.1	0.1	0.2
CT	618	44	385	189	1	618	1,800	1,800	0.0	0.2	0.1	0.3
Ultrasound	478	26	46	406	1	478	4,000	4,000	0.0	0.0	0.1	0.1

#### AMBULANCE GARAGE

Ground and air medical transportation are essential to a remote and rural hospital facility. The current garage facility is at its end of life; the new facility will accommodate two garages and limited support services.

#### OTHER NEED FACTORS

The goal of CA Dean's modernization initiative is to replace and renovate its aging campus whose size, shape and parking facilities do not support today's approaches to care. The modernization of the campus will result in an up-to-date, flexible, convenient facility that will allow CA Dean to respond to current community and visitor needs and to adapt to future changes in the organization and methods of delivery of healthcare services.

#### **Need to Replace and Renovate Existing Facilities**

CA Dean has provided care at the Pritham Avenue site for over 100 years. The hospital's aging infrastructure has been of concern for some time. As assessed, the current hospital facilities are at risk of not meeting code requirements and the standard of care patients require and expect. A



facility replacement is needed to ensure the next century of locally available integrated healthcare in the region.

**Challenges – Existing Hospital Facility and Site**

The limitations of the current facility have been recognized for many years and reviewed extensively. Challenges include but are not limited to, double occupancy rooms with a lack of privacy, infrastructure that can no longer be supported without asbestos and lead paint abatement, ADA accessibility, inability to control air exchanges and humidity, lack of central AC in many areas and the co-mingling of inpatient and outpatient services.

SUMMARY: NEED FOR THE PROJECT

This application described fully the need for the project and provides supporting documentation for the facility needed to support the range of services for this campus. Completion of this project will result in CA Dean's continuing to provide needed care more efficiently in this very rural area of Maine for many years to come.

**B. Certificate of Need Unit Discussion**

**i. CON Standards**

Relevant standards for inclusion in this section are specific to the determination that there is a public need for the proposed services as demonstrated by certain factors, including, but not limited to:

- Whether, and the extent to which, the project will substantially address specific health problems as measured by health needs in the area to be served by the project;
- Whether the project will have a positive impact on the health status indicators of the population to be served;
- Whether the services affected by the project will be accessible to all residents of the area proposed to be served; and
- Whether the project will provide demonstrable improvements in quality and outcome measures applicable to the services proposed in the project.

**ii. CON Unit Analysis**

CA Dean is proposing to construct a new hospital to replace an aging, outdated facility. This project does not propose or forecast significant changes in service volume. The ability to continue providing needed services should be enhanced by CA Deans smaller, modernized, and more efficient facility. To determine public need, CONU analyzed demographic and service use trends in CA Deans primary service area (Piscataquis County, Maine, and proximity). CONU utilized the Older Adults with Physical Disabilities: Population and Service Use Trends in Maine, 2012 Edition, prepared by the

Muskie School of Public Service and the U.S. Census Bureau's website located at <http://census.gov/quickfacts/>.

Piscataquis County is located in central Maine and is the size of the State of Connecticut. The population estimate as of July 1, 2019 is 16,785. Piscataquis County has a population density of less than 6 people per square mile designating it as a Frontier County. Approximately 26.7% of the population is 65 or older. To put this in perspective the 65 or older population of the United States is 16%. The 65+ population is expected to increase. This population is a heavy consumer of hospital services. Maine's 65 and above age group continues to grow at a rate faster than New England and the rest of the nation.

In order to maintain existing hospital services, financial and operating efficiencies must be achieved through construction of a new hospital. Maintaining necessary hospital services would continue to substantially address specific health problems associated with an aging population which increasingly requires more intensive care. In 2019, Maine's four largest healthcare system, NLH, Central Maine Health Care, MaineGeneral Health and MaineHealth in concert with the Maine Center for Disease Control and Prevention partnered to research and publish a shared Community Health Needs Assessment. CA Dean used this data to identify health priorities and initiatives to address these unmet needs within Piscataquis County. As stated previously by the applicant these needs are:

- 1). Mental Health
- 2). Social Determinants of Health
- 3.) Access to Care
- 4.) Substance Use
- 5.) Older Adult Health/Healthy Aging

These needs are in alignment with not only CA Dean but also Mayo hospital, also located in Piscataquis County. Stronger connections with another Critical Access Hospital in the service area will strengthen these initiatives and enhance the health status indicators of the population to be served.

The services affected by the project will be accessible to all residents of the area proposed to be served. Many areas of Piscataquis County have been designated as a Health Professional Shortage Area and Medically Underserved Areas pointing out the critical importance of maintaining access to care. In order to maintain access to care close to home, improve the health and well-being of the population, and maintain volume and specialty care in the service area this project is necessary.

The project will provide demonstrable improvements in the quality and outcome measures for patients that require hospital services. CA Dean's ongoing participation in NLH quality improvement programs along with Mayo Hospital will allow collaboration to focus on continuous improvement and care integration.

### **iii. Conclusion**

The Certificate of Need Unit recommends that the Commissioner find that the applicant has met their burden to show that there is a public need for the proposed project.

## V. Orderly and Economic Development

### A. From Applicant

#### IMPACT ON TOTAL HEALTHCARE EXPENDITURES

The proposed hospital replacement and renovation project addresses the problems of operating and maintaining an outdated facility, and results in a modern rural hospital that is designed to be right-sized and provide for flexibility to meet the needs of the population it serves. In developing the plan for the proposed project, CA Dean has followed an approach that has been fiscally conservative. Replacing the existing hospital facilities will reduce CA Dean's operating costs, while it continues its mission of supporting the community, particularly those in a rural area.

#### ALTERNATIVES CONSIDERED

**Do nothing:** This is not a viable alternative. Maintaining the current hospital facilities will become unsustainable given the infrastructure's age and existing facility conditions.

**Repair Existing Facility:** Repairing the existing facility was evaluated. The buildings are old and do not meet the current best practice health care design for single occupancy, efficient building infrastructure, and patient and staff focused design elements. Facility experts project that repair would be inordinately expensive.

**Best Alternative:** Full replacement of the existing hospital facility and renovation of the East Wing best meets the needs of CA Dean's patients and has the greatest opportunity for impacting cost savings. This option was developed by CA Dean and its partners. This is the plan presented in this application.

#### IMPACT ON MAINECARE

Because the campus consolidation is not anticipated to significantly impact market volumes, share, or payer mix, there is no reason to expect additional costs to the MaineCare program.

The current payer mix based on gross revenues is provided in Table 17.

**Table 17: CA Dean Payer Mix**

Payer	Baseline FY19	FY 2024 and beyond
Commercial	21%	21%
Medicaid	13%	12%
Medicare	42%	43%
Medicare Advantage	12%	12%
Other	2%	2%
Self-Pay	10%	10%
Total	100%	100%

## SUMMARY: ORDERLY AND ECONOMIC DEVELOPMENT

The current proposal supports the orderly and economic development of healthcare services in the region. Not completing the proposed project would be contrary to that goal.

### B. Certificate of Need Unit Discussion

#### i. CON Standards

Relevant standards for inclusion in this section are specific to the determination that the proposed services are consistent with the orderly and economic development of health facilities and health resources for the State as demonstrated by:

- The impact of the project on total health care expenditures after taking into account, to the extent practical, both the costs and benefits of the project and the competing demands in the local service area and statewide for available resources for health care;
- The availability of state funds to cover any increase in state costs associated with utilization of the project's services; and
- The likelihood that more effective, more accessible, or less costly alternative technologies or methods of service delivery may become available.

#### ii. CON Unit Analysis

As stated by the applicants the fundamental reasons for the proposed project are: 1) preservation of inpatient acute and swing beds and emergency services in rural Maine. 2) Modernizing facilities to add efficiencies for patients, families, and staff. 3) Keeping care as local as possible. 4) Improving access for ground and air transport services. As outlined in the Economic Feasibility section of the preliminary analysis this project will “right-size” CA Dean by reducing square footage while maintaining most existing services and achieving operational cost saving through reductions in staffing and facility maintenance costs due to the smaller footprint. CA Dean’s replacement project does not include the introduction of new services and any impact to market volumes, market share or payer mix will be minimal.

This project is not anticipated to substantially increase the utilization of State Funds. Based on historical and projected data there should be no increased utilization due to this project. MaineCare only accounts for 13% of CA Deans payor mix and is projected to only account for 12% by 2024. If an increase in utilization of MaineCare funds did occur it would be mostly due to inflation or changes in volume unrelated to this project. This new hospital is expected to allow CA Dean to remain a viable provider of hospital services in Piscataquis County. According to the 2019 American Hospital Association Rural Report, rural hospitals provide local, timely access to care which saves lives and reduces the expense and inconvenience of traveling to distant facilities. Rural hospitals serve as

economic anchors in their communities providing jobs and improving the local economy through the purchase of goods and services.

The applicant considered and rejected two alternatives to this project:

**Do nothing:** The existing facility is obsolete and becoming more expensive to maintain as it ages.

**Repair Existing Facility:** Repairing this facility would be prohibitively expensive and the results would not meet result in the best design (single occupancy, efficient building infrastructure, and patient and staff focused design elements).

CONU obtained copies of the State Fire Marshal Life Safety Code and Emergency Preparedness Survey Summary of CA Dean dated July 9, 2021 and noted that numerous repair and maintenance issues were cited. These issues would in all likelihood increase over time as the facility aged.

Given the current condition of the existing CA Dean facility it is unlikely that a more effective, more accessible, or less costly alternative for providing needed hospital services is available.

### **iii. Conclusion**

The Certificate of Need Unit recommends that the Commissioner find that the applicant has met its burden to demonstrate that the proposed project is consistent with the orderly and economic development of health facilities and health resources for the State.

## VI. Outcomes and Community Impact

### A. From Applicant

CA Dean Hospital is currently licensed by the Department of Human Services of the State of Maine and certified to participate fully in the Medicare and Medicaid programs. Each of these licenses, certifications and accreditations is currently effective and in good standing. CA Dean is fully committed to maintaining high standards of quality patient care. Implementing this project will increase the Hospital's ability to assure that its services are of the highest quality and most responsive to customer needs. Design considers flexibility and services needed for a model rural critical access hospital.

All construction, renovations and equipment installations will be done in a manner that assures continued compliance with all relevant Life Safety, NFPA, American Institute of Architects, and Americans with Disabilities Act codes and standards.

CA Dean will work with the State Fire Marshall's Office and the Division of Licensing in a timely fashion as the planning process moves into the detailed design stage. Consistent with CA Dean's continued desire to follow the "healing environment" and "green-building" concepts, CA Dean will work with the town of Greenville to assure campus green space.

#### QUALITY FOCUS AND HIGHLIGHTS

CA Dean places a high value on clinical outcomes and patient experience. The proposed project supports CA Dean's commitment to clinical quality, patient and staff safety, and patient experience. National organizations that rigorously evaluate safety, quality, outcomes, and patient satisfaction have continued to recognize CA Dean's efforts to provide the best possible patient care and experience. The following are samples of the numerous recognitions bestowed upon CA Dean:

**Recipient of the Press Ganey Guardian of Excellence Award in 2019 and 2020 for Patient Experience in the Emergency Department:** This award honors clients who have reached the 95th percentile for patient experience, employee or physician engagement, or clinical quality performance — awarded annually based on one year of data.

**HCAHPS Results:** Overall rating of the hospital remains above the 95th percentile for the past 12 months. This rating is based on patient surveys for inpatient service experience.

**CMS Validation Survey:** CMS survey in 2019 successful and full accreditation achieved.

#### **Quality Results:**

- Q-HIP (Quality-In-Sights® Hospital Incentive Program results for 2021) – Score of 101.33. Maximum score is 100 with bonus points included
- No pressure injuries of patient falls with injury for FY 2021 YTD
- No sentinel events in FY 2020 or FY 2021 YTD

**SUMMARY: OUTCOMES AND COMMUNITY IMPACT**

CA Dean has achieved high quality outcomes and recognitions and is a key community impact collaborator in the Piscataquis region. The modernization project will further advance CA Dean's commitment to providing high quality clinical outcomes and excellent patient and family experiences

**B. Certificate of Need Unit Discussion**

**i. CON Standards**

Ensures high-quality outcomes and does not negatively affect the quality of care delivered by existing service providers.

**ii. CON Unit Analysis**

Both CA Dean and NLH affiliated hospitals have a commitment to continuous improvement and providing high quality care. All NLH affiliated hospitals address quality outcomes in the area of both individuals and populations, patient experiences, reduction in care variation and employee engagement. Quality care improvements are integrated across NLH's hospital system. Quality and patient experience measures are consistently monitored to assess opportunities for improvement. This will assist in achieving high quality outcomes. Community health will be improved by stronger statewide efforts to address identified community needs. As stated previously, the new modernized facility has the advantage of having private patient rooms and an efficient layout. This will promote high quality clinical results and enhance the patient's experience. The quality of care delivered by existing service providers will not be negatively impacted by this transaction because there will be no change in the range or level of services currently provided in the region.

**iii. Conclusion**

Certificate of Need Unit recommends that the Commissioner find that the applicant has met their burden to demonstrate that this project will ensure high-quality outcomes and does not negatively affect the quality of care delivered by existing service providers.



## VII. Service Utilization

### A. From Applicant

The region will benefit from the project. Access to services will be improved. Volume projections are based on historical experience, input from consultants, and application of Advisory Board forecasting tools applied to anticipated demographic changes in the market region, with consideration for seasonal visitors.

#### SERVICE UTILIZATION VOLUMES

The historical and projected utilization of CA Dean is reviewed in Section IV. Anticipated volume changes are incorporated into the financial projections in **Attachment G**. A summary of key assumptions follows:

- Inpatient volume will be essentially flat over the forecast period, recognizing upward pressures of an aging population coupled with downward pressures from population health management strategies and increased capacity to treat patients in outpatient settings.
- Emergency department visits are projected to return to pre-COVID levels then to remain flat over the forecast period.
- Outpatient services will remain flat over the forecast period with fewer procedures offered.
- Services incorporate ground and air transport when needed and will support telemedicine remote care services.

#### STATE HEALTH IMPROVEMENT PLAN

As described in the Public Need section of this application, CA Dean partners with the State and other local providers on the Statewide Community Health Needs Assessment. With an emphasis on improved substance abuse and mental health treatment, and continued access to care, CA Dean's community improvement plans align with the goals of the State's public health improvement plans and the health system community health improvement plans.

#### AVAILABLE CAPACITY OF OTHER HOSPITALS IN REGION

This hospital replacement and renovation project is not adding capacity. In fact, by right sizing the number of inpatient beds, capacity is being streamlined.

CA Dean's inpatient census is not projected to change materially. The more efficient hospital will operate at a higher occupancy rate and staff fewer available beds. CA Dean is the only hospital in the Moosehead Lake region and the project will therefore not affect volume at other hospitals. CA Dean will not be adding new services as a result of this project.

#### SUMMARY – SERVICE UTILIZATION

The programs, related volumes and space design are consistent with the needs of the region.

## **B. Certificate of Need Unit Discussion**

### **i. CON Standards**

Relevant standards for inclusion in this section are specific to the determination that the project does not result in inappropriate increases in service utilization, according to the principles of evidence-based medicine adopted by the Maine Quality Forum as established in Title 24-A, section 6951, when the principles adopted by the Maine Quality Forum are directly applicable to the application.

### **ii. CON Unit Analysis**

CA Dean will not add new services as a result of this merger. The applicant provided significant data regarding current and project hospital service data which projects flat or very moderate growth in service levels. Any growth in service levels will be due to demographic factors and not inappropriate increases in service utilization. CA Dean and Mayo Hospital hospitals can collaborate to ensure continuity of care and participate in provider efforts to improve the experience, health outcomes and reduce health care costs through a focus on unnecessary utilization in the local area.

### **iii. Conclusion**

Certificate of Need Unit recommends that the Commissioner find that the applicant has met their burden to demonstrate that the project does not result in inappropriate increases in service utilization, according to the principles of evidence-based medicine adopted by the Maine Quality Forum.

## **VIII. Timely Notice**

### **A. From Applicant**

Northern Light Health and CA Dean will comply with notification timelines required by CON regulations.

### **B. Certificate of Need Unit Discussion**

Letter of Intent filed:	April 23, 2021
Technical assistance meeting held:	May 14, 2021
CON application filed:	June 18, 2021
CON certified as complete:	June 18, 2021
Public Information Meeting held:	Waived
Public Hearing held:	N/A

## **IX. Findings and Recommendations**

Based on the preceding analysis, including information contained in the record, the Certificate of Need Unit recommends that the Commissioner make the following findings subject to conditions:

- A.** The applicant is fit, willing and able to provide the proposed services at the proper standard of care as demonstrated by, among other factors, whether the quality of any health care provided in the past by the applicant or a related party under the applicant's control meets industry standards.
- B.** The economic feasibility of the proposed services is demonstrated in terms of the:
  - 1. Capacity of the applicant to support the project financially over its useful life, in light of the rates the applicant expects to be able to charge for the services to be provided by the project; and
  - 2. Applicant's ability to establish and operate the project in accordance with existing and reasonably anticipated future changes in federal, state and local licensure and other applicable or potentially applicable rules;
- C.** There is a public need for the proposed services as demonstrated by certain factors, including, but not limited to;
  - 1. The extent to which the project will substantially address specific health problems as measured by health needs in the area to be served by the project;
  - 2. The project has demonstrated that it will have a positive impact on the health status indicators of the population to be served;
  - 3. The project will be accessible to all residents of the area proposed to be served; and
  - 4. The project will provide demonstrable improvements in quality and outcome measures applicable to the services proposed in the project;
- D.** The proposed services are consistent with the orderly and economic development of health facilities and health resources for the State as demonstrated by:
  - 1. The impact of the project on total health care expenditures after taking into account, to the extent practical, both the costs and benefits of the project and the competing demands in the local service area and statewide for available resources for health care;

2. The availability of State funds to cover any increase in state costs associated with utilization of the project's services; and
  3. The likelihood that more effective, more accessible or less costly alternative technologies or methods of service delivery may become available was demonstrated by the applicant;
- E.** The project ensures high-quality outcomes and does not negatively affect the quality of care delivered by existing service providers:
- F.** The project does not result in inappropriate increases in service utilization, according to the principles of evidence-based medicine adopted by the Maine Quality Forum; and

For all the reasons contained in this preliminary analysis and based upon information contained in the record, Certificate of Need Unit recommends that the Commissioner determine that this project should be **approved**.